

The Singapore Teachers' Co-operative Society Ltd

WOCCU - A world credit organization, with 53,000 credit unions spread over 100 countries and serving 188 million members.

President and CEO: Mr Brian Branch

Report on the 2011 World Credit Union (WOCCU) Conference held at Glasgow, Scotland from 23/07/2011 to 27/07/2011.

Number of Participating Countries	-	64
Number of Delegates	-	1700
Number of Delegates from Singapore	-	20

From Singapore National Co-operative Federation:

Ms Dolly Goh, Chief Executive Officer (CEO) (Delegation Leader)

Mr Foo Chuan Yang, Senior Relationship Manager (Delegation Secretary)

From The Singapore Teachers' Co-operative Society Ltd:

Mr Richard Zaccheus	-	Chairman
Mr Teo Chor Kai	-	Hon Secretary
Mr Chua Poon Guan	-	Hon Treasurer

Main items on the conference agenda were General Sessions in the morning where distinguished speakers were invited to speak. Breakout sessions followed through the afternoons.

Day One

General Session

(i) The state of the Global Credit Union System - A Final Observation.

Speaker - Mr Pete Crear, outgoing President & CEO of WOCCU. He highlighted the recent accomplishments and the current challenges facing the global credit union movement. At the same time he also introduced the new President and CEO of WOCCU.

(ii) Beyond the Crash: Overcoming the First Crisis of Globalization

Speaker - The Right Hon. Gordon Brown, MP and former Prime Minister of the United Kingdom. Mr Brown has been a member of Parliament since 1983 and served as Britain's Prime Minister and leader of the country's Labour Party from 2007 to 2010. Prior to that appointment he had served as the chancellor of the Exchequer, running his country's Treasury Department from 1997 to 2007. He was most recognized for devising a plan to stabilize the global financial sector with the help of the European and the United States governments in 2008. He was all praise for the credit union as none went under during the Global Financial meltdown. He stressed that one of the most important value the Credit Unions have is "trust". This he said is something which no amount of money can buy. Based on it and the basic principles of co-operatives on self help and mutual help, the credit unions were able to withstand the onslaught of the financial turbulence. Loans continued to be granted, particularly to those who needed them most to tide through the difficult times. For the Credit Unions, profit is secondary while help to their members is their prime concern.

Break-out sessions:

1. Financial Inclusion and the Role of Credit Unions in Developing Countries

Speakers: Randy Chambers, President, Self – help Credit Union
Paul A. Jones, Head of Research Unit for Financial Inclusion, Liverpool John Moores University

Mission: Create and protect ownership and economic opportunity for all, especially minorities, women, rural residents and low-wealth families and communities.

Force Multipliers:

Financial Sustainability Powers Mission.

Robin Hood: Clear mission incents the wealthy to invest in the underserved.

Membership Diversity: Drives financial and mission return

Leverage: Capital creates financial independence and multiplier impact.

Tailored Products: offer low-fee transaction services, deposit accounts and loans.

British Credit Unions and the Promotion of Financial Inclusion:

Many had origin in tackling poverty and serving low-income communities. Involved in Community Development initiatives and Philanthropy and Charitable action. Work on principles of volunteerism and personal development. Had strong local bonds, networks and community ties. Had personal face-to-face interaction. Focused on providing low cost loans, savings was linked to borrowing.

Role of The Local Authorities:

Credit Unions as part of local government anti-poverty strategies.

Rapid rise in number of credit unions often resulted in the characterization of the credit unions as institutions for the poor.

Financial Exclusion:

Refers to the process whereby people encountered difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong..

Key Aspects of financial Exclusion:

No bank account

No savings

No assets

No access to money advice (or financial capability education)

No insurance

No access to affordable credit

Promoting Financial Inclusion:

Establish Financial Inclusion Fund.

Greater focus on savings and insurance

Effective use of bank accounts

Tackling illegal lending

Access to affordable credit and savings options

Financial capability/literacy

Income maximization.

Understanding the Needs of the Low-Income Market.

Borrowers have distinct approach to managing finances
Need for simple and straight forward products
Uses of “alternative” credit providers
Common strategy of “robbing Peter to pay Paul” to resolve competing needs
Need for flexible repayment methods – often miss payment
Changing credit Union approach to credit administration
Introduction of capacity based lending
Separating savings from loans and removal of waiting period. (Instant loan)

Skill in Credit Scoring and Decision – Making:

Migrating people from high cost credit to credit union borrowing
Changing mind-sets and behaviour, moving to self-help and personal responsibility
Provide support, education and advice which could be challenging and time consuming

Developing Information Technology:

On line access and card services
Updated software

The Future:

Should be collaborative.
Challenges are too great to meet alone
Current individualistic business model will not expand sector significantly.
Collaboration and shared services to build scale and efficiency, and to maintain community financial ethos.

Summary:

Should credit unions be part of an anti-poverty agenda, both as financial institutions and advocates? Is there a place for new Robin Hoods in today’s credit unions or has the greed and regulation made that impossible?
Credit Unions needed to merge to serve the vulnerable communities. The need to partner the government to serve the low income communities and their fitting into the broader anti-poverty and financial inclusion agendas.

2. Building a High-Performance Culture through effective Leadership

Speaker: Sean Jackson, President & CEO, Meridian Credit Union., Canada.

At Meridian Credit Union, Ontario’s largest credit union, effective leadership was focused on harnessing employees’ skills to their full advantage and unlocking the full potential of each and every employee. Since its creation in 2005, Meridian has built member-centric culture and a leadership strategy that not only fosters employee performance but also engagement, pride and purpose. The key thrust was to help participants learn how to develop their own leadership strategy aimed at maximizing employees’ strength, optimizing employee impact and improving line of sight to the organization’s vision and mission statement.

Summary of Content:

Reinventing Culture: Commitment, Communication and Capability

Simple Questions:

I know what is expected of me at work?

I have the materials and equipment I need to do my work right?

At work, I have the opportunity to do what I do best every day?

Writing our Story:

What are our strength?

What are our weakness?

What are we now?

What do we want to be when we grow up?

How to:

Be different

Best serve member

Reinvent

Dominate

Personal Mastery:

Two way communication model

360 degree feedback

Emotional Intelligence For Personal Leadership

Conflict/confronting Issues

Transformational Coaching

Appreciative Inquiry

Leadership development Intensive

Goals for Leader-led Communication:

Chief Executive - Communicate strategic direction
Sponsorship for major initiatives
Share Meridian – wide success stories

VP/ Directors - Align key initiatives/change programmes to strategic direction
Support leadership teams
Share local success stories

Managers - Align day-to-day operations to strategic direction
Implement new initiatives
Share day-to-day success stories

Success & Talent Management:

Goals:

Strengthen Leadership Pipeline

Identify and develop High Potential Individuals

Align leadership expectations and behaviours with both long and short term goals

Strengthen member perception

Reduce external recruiting costs

Identify Leadership competency gaps

Retain critical experts:

Total Rewards:

Extrinsic:

Health and dental benefits
Retirement benefits
Ancillary benefits
Pay
Variable Incentives

Intrinsic:

Performance Management
Communication
Training
Work environment

Employee Engagement:

Some who is engaged:
Is 100% psychologically committed to their role?
Is in a role that uses their talents?
Knows the scope of their job?
Always looks for new and innovative ideas to achieve outcome?

3. Strong Membership Growth through a Solid Foundation:

Speaker: Jonas Tientchou, General Manager, Cameroon Cooperative Credit Union League (CamCCUL) Cameroon
Nizomiddin Muradov, CEO, Credit Union Association of Uzbekistan.

The first credit union in Uzbekistan was founded in 2002. Today, it boasts more than 120 credit unions serving 220,000 members. In Cameroon the credit union founded in the 1960s has grown threefold with more than 300 000 members.

The Following Contributed Towards the Strong Growth of their Membership:

Improvements in information and Communication Technology
Use of computers
Competent accounting software, money transfer and committed personnel
Interconnectivity through the internet

Improvement in the Quality of Human Resources:

More staff
More skilled staff
Quality in-house training
Overseas training
Staff retention strategies

Marketing and Communication:

More aggressive marketing approach

Innovation:

New products/instruments development

4. What Powerful Collaboration Looks Like:

Speaker: Lucy Ito, President & CEO, CURoots Cooperative, USA.
 Edson Nassar, Retail Banking Executive Director, Banco Cooperativo Scredi S.A. Brazil
 Ademar Schardong, CEO Banco Cooperativo Scredi S.A., Brazil
 Andrzej Sosnowski, President, Stefczyk Credit Union, Poland

From back office accounting systems, regulatory compliance, human resources, risk management marketing and product development, credit systems are pooling efforts to achieve maximum operational efficiency. Models for collaboration have emerged in Brazil, Poland and the U.S. and each has lessons where other credit unions systems can apply.

5. Everything You Wanted to Know about U.K. Financial Mutuals but were Afraid to Ask

Speaker: Adrain Coles, Director –General, the Building Society, Great Britain

As the birthplace of cooperatives, Great Britain has an extremely rich history of co-op successes and failures. As one of the global capitals of the financial world, Britain distinguishes itself as the only country where strong credit union, cooperative banking and building society sectors co-exist. Together these sectors have evolved through transitions that some countries are just beginning to see, experienced the world largest series of demutualisations and weathered an intense global financial crisis.

Diversity - Assets

Friendly Societies and Mutual Insurers –
 Largest £4bn. - smallest £400, 000
 Building Societies
 Largest £191bn - smallest £25 million

Credit Unions:-

Largest £60 - smallest £20,000

History:

1555 - Incorporated Carters – first documented Friendly Society
 1762 - Equitable Life established (first mutual life assurance society)
 1775 - First known Building Society established
 1872 - Loan and Deposit Department of the cooperative Wholesale Society formed – now the Cooperative Bank
 1964 - First credit union established in London

Consolidation:

- 1948 - More than 18,000 Friendly Societies, now fewer than 300
- 1860 - More than 2,250 Building Societies, now fewer than 60
- 2001 - 698 Credit Unions, now 426

Credit Union History:

- 1964 - First Credit Union in Britain (London)
- 1970 - First Credit Union in Scotland
- 1979 - Credit Union Act
- 1999 - Credit Union Taskforce
- 2001 - PSA Regulation
- 2007 - Review of Regulation

The Vision:

To ensure credit unions become the primary source of affordable and ethical financial services for the people of Great Britain.

6. How to Make News and Influence Journalists

Speaker: Liz Barclay Host of You and Yours, BBC Radio 4, Great Britain

Have you ever wondered why you should do an interview, what the journalist is looking for, how to get your message across or just how to deal with difficult questions. With an impressive background in Britain broadcasting, Barclay has media trained some of the most influential leaders in business today.

7. Afghanistan Financial System and the Role of IIFCS

Speaker: Mahir Mohamad, CEO, Islamic Investment and Financial Cooperative Group (IIFC Group) Afghanistan.

Since 2004, WOCCU has been helping Afghanistan develop a financial cooperative system. From these efforts there are now 30 Islamic investment and financial cooperatives (IIFC) or credit unions, serving more than 70,000 members.

The Financial Industry:**Background:**

- Financial Market emerging after the fall of Taliban
- About 20 commercial Banks licensed
- Microfinance sector established in late 2003 by the World Bank funds in collaboration with the Afghan government Now a US\$ 1 billion industry
- In addition to MFIs and IIFS that are part of Microfinance Sector, other NBFIs also exist
- WOCCU's IIFCs are among at first and key players

What are IIFCs

- Classic Credit Unions, but contextualized
- An average of 2600 members
- Average Assets of US\$ 750,000
- 10 -15 employees
- Mostly Rural community based, some Urban
- Highly cost effective
- Can become fully sustainable in 3 years, no long term dependency on donors

How are they contextualized?

Culturally:

- Tribal community Elders elected and sit on the boards
- Tribal elders endorse Loans as leaders of their tribe and communities
- Take moral responsibility for collection, repayment rate was 92%
- Conduct jirgas(council of elders) to protect IIFC
- Special treatment for deceased borrowers

Religiously:

- All services provided by IIFCs are religiously compliant
- Local Religious endorsed operations
- Loans provided are based on the requirement of Islamic Laws (Murabaha, Ijara)
- Savings of members are based on Al-Wada
- Zakat Community Development Funds – Social Responsibility of the IIFCs

Progress to Date:

30 IIFCs and 10 Branches

- | | | |
|------------------------------|---|------------------|
| - Number of Members | - | 73,000 |
| - Number of Borrowers | - | 21 000 |
| - Number of Loans Disbursed | - | 71,000 |
| - Cumulative Loans Disbursed | - | US \$ 4 million |
| - Total Assets | - | US \$ 21 million |
| - Member Shares | - | US \$ 4 million |

Role of IIFCs:

Created 106,000 jobs:

- Average family size in Afghanistan is 5 so IIFCs are source of living for 530,000 citizens
- Helps reduce employment for insurgency

Social and Infrastructure Development:

- Community Development Projects through Zakat
- Elders decide priority development projects
- Creates unity amongst community members

Impact of IIFCs:

- Members democratically choose representatives
- Creates awareness about the process of voting
- Creates awareness about the role of democracy

IDS survey shows:

- Changes in the lives of member-borrowers
- IIFC member-borrowers are better off than non-members by far
- Older member-borrower are better off than new

The National Association - IIFCG:

IIFCs lacked Regulation and Supervision

Established IIFC Group in late 2009 with focus on

- Supervision and Monitoring
- Quality Technical Assistance
- Training - Local Language and in the IIFC locations
- Channeling donor funds to IIFC
- Liaison with Government at provincial and Federal levels

Challenges:

Security:

- Community members owned IIFC

Religious Conservatism:

- Islamic Products, Loans and Savings

Staff Capacity:

- Regular Training At the field level, local language

Government Restriction:

- Liaison with government on a regular basis

8. Payments: It's BIG Business and BIG Business is Threatening the Landscape

Speaker: Ryan Donovan, Vice President of Legislative Affairs, Credit Union National Association (CUNA) USA

Herve Guider, General Manager, European Association of Co-operative Bank (EACB) Brussels

Tony Ryan, CEO Big Sky Credit Union, Australia

“Interchange income” is the revenue that credit and debit card issuers earn when their cards are used by consumers. Retailers pay this interchange expense to enable consumers to use their cards and not have to deal with cash. Despite the fact that most financial institutions, including credit unions, rely on this income to be able to offer card services, a retail “revolt” has begun in various markets to reduce or eliminate interchange expenses. This issue has already rolled through Australia; the U.S. has passed a controversial law that would threaten credit union offerings; the Canadian-owned Inter Act payment clearing house is under threat from VISA and Master Card.

Day 2:

1. Migrant Communities and Membership Growth: Do or Dither

Speaker: Bogdan Chmielewski, Vice President of Business Development and Branch Administration, Wawel Savings Bank, USA

Taras Pidzamecky, CEO, Ukrainian Credit Union Ltd, Canada

In mature credit union markets such as Australia and Canada, and to some extent the U.S., immigration has become the primary driver of population growth. Credit unions seeking to increase membership growth must understand the needs of immigration markets and learn ways to excel in serving these niche areas. Long-term trends toward more ethnically diverse populations are realities that credit unions need to understand. Successes of serving the Ukrainian community in Canada and the Polish community in the U.S. and U.K were illustrated.

Migrant communities and Membership Growth: Do or Dither

1. Why should credit unions target migrant communities?
2. Where should credit unions approach migrant communities?
3. How should credit unions approach migrant communities?
4. What challenges may credit unions expect

Why should credit unions target migrant communities?

Membership Growth:

- About 200 millions immigrants live around the world
- 71 millions in Europe, 45 millions in the North America and 25 million in Asia
- Due to ongoing changes in political and economic situation as well as opening borders, immigration will always represent a significant number
- Changes in political and economic situations may also result in new trends of the traditional migrant directions or levels

New Income Opportunities:

- Greater membership can generate higher income
- Potential for acquiring an additional income from a specific financial product (money transfers, currency exchange, Islamic banking according rules of Shariah, etc)
- Weak competitors
- In developed countries large and local banks, mortgage companies or investment corporations have already targeted immigrants in many ways but they were not able to truly respond to the immigrant's needs
- Credit unions should target migrant communities to stay competitive
- Serving underserved
- Credit Union around the world adopted the motto "People helping people"
- There are many cases where migrant communities are still underserved and even discriminated in terms of access to the financial product
- By providing services to immigrants, credit unions also have the opportunity to support cultural, educational and social initiative within migrant communities

How should credit unions approach migrant communities:

- Have the right people - most important
- Deep knowledge of the community, but not the community leaders
- Speak their languages
- Good sales skills, but not salesmen
- Have the right product tailored to the specific needs of the immigrants
- Money transfer
- Accounts for non-residents
- Lending based on other factors rather only credit report
- Loan products that allow to establish credit history
- Community Marketing geared toward the community
- Building an image of being an integral part of the migrant community
- Engaging and supporting ethnic media
- Recognizing the specific needs and expectation of immigrants
- Knowledge of the political and economic situation in the origin country and the relationship with the local government
- Higher marketing budgeting

Being involved in the Community:

- Community involvement should be a duty of all levels of employees and directors
- Sponsoring community or social events and educational initiatives
- Keeping equal distances to all community groups or parties, being aware of all ethnic, political and historical differences

If possible cooperate with credit unions in the origin country in:

- Branch sharing,
- Money transfers,
- Debt collections,
- Initial capital and “know-how” for credit union

Challenges:

- Reverse immigration
- Diminishing or relocation of the migrant community
- Competition
- Changes in educational and sophistication of new immigrants
- Changes in political and economic situation in both countries
- Compliance (anti money laundering regulation)
- Bilingual/multilingual and more expensive marketing

Membership Growth:

- Explore new opportunities to increase membership among immigrants, but do it the right way

The Ukrainian Credit Union:

- Established in 1944 by immigrant members of Ukrainian National federation who grafted home country co-op experience onto Canada’ movement
- Membership 24,000; assets of \$500 million. 13 location in Great Toronto & Ontario cities where Ukrainian settled in past 100 years
- Leader with Canadian, US & Australian Ukrainian CUs, CCA & WOCCU in transplanting CU back to post-Soviet Ukraine

Making Migrants Part of Your Credit Union’s Vision:

- More than a “marketing thing” or something you attach onto your credit union
- More than leverage organic/acquired ethnic or linguist affinities-takes you only so far
- Be prepared to adjust the mindset
- Within your credit union
- Among your suppliers
- Even that of your Regulator

UCU's Early Experience:

- UCU innovative leader in transferring in landed immigrant funds & opening accounts
- Learned early to distinguish bona fide from suspicious incoming wires of migrant funds
- Resources strained until we became more selective based on member business potential
- Slowness adapting credit practices as migrants began to borrow meant loss business
- Regulator-endorsed industry best practices for credit oblivious to migrant financial behaviour
- Some staff felt it unfair to modify rules for new-comers, others intuitively saw good loans but struggled to fit them into standard criteria
- Needed to re-learn how we did business in 1944 when members had limited net worth and no credit rating!

Understanding the Community:

- An ongoing process to build empathy, trust & openness to spotting business opportunities
- Explore pattern of groups migration, housing, shopping, motives for coming, their challenges
- Migrant communities are not social monoliths & different waves within group may differ
- Use understanding to develop typical segment profiles around which you can building offerings
- Migrant communities and , or segments within them are often tightly knit
- Do not underestimate how much immigrants learn from each other on how to adopt by word of mouth
- May have little use for “conventional” advice from staff who they feel live in a different reality
- Consult with employees who belong to group
- Beware the “politics of migrant” communities – indifference is not an option – educate yourself to help avoid PR problems
- Communications in the language of a community need to be vetted and tested by one or more individual fluent in both source language and language of translation
- Communities/their members are not static – stay current on changes to stay relevant

How to Start:

- Just Start – let the doing help evolve your vision
- Talk to existing pockets of migrant members & staff servicing them to assess business potential
- Meet opinion leaders or associations in the target community but deal directly with members so they are not beholden to anyone
- Conduct rapid experimentation as alternative to spending on research, or to compliment it
- Experiment with posters, ethnic newspaper & radio ads. Church bulletins in their language
- Subject to risk tolerance, try some loans “outside the box” for migrants
- Sponsorships – do not wait to be invited – get near to ground on upcoming events – start small
- No branch in area settled by target group? Test market/build business case by sharing branch of CU located in desired area
- Be prepared to invest one-on-one time orienting migrants to the country's banking system
- Time required depends on differences between banking system of home and host countries – may change overtime as systems evolve
- Develop group information sessions for newcomers on buying a car, how to buy a house, maintaining a good credit rating

Sourcing Migrants:

- Link on CU website in their language, generate positive word of mouth via blogs etc
- Work with the embassy in source country, consul, packages for immigrants, chat up visa applications waiting in line outside embassy
- Referral agreements with CU in source country
- Immigration consultants – limited due to concerns with influence on members & fees
- Connect with church communities who help settle their immigrant adherences
- Hire staff who belong to such groups
- UCU provide free-in-branch space for office of Canadian Ukrainian immigrant Aid Society

Operational considerations:

- How will staff and other members react if they hear other languages spoken? What to do?
- Will staff/members sense favouritism to employees from identified group(s)?
- Will immigrant staff hired language/culture affinity feel part of the CU staff?
- How to sustain servicing in preferred language for higher value transactions?

Product and Services for Immigrants:

- Adapt service offerings for immigrants beyond providing existing ones in their language
- If networked with third party products/services, ensure they address migrant needs
- Build in risk management from start: use staff “migrant experts” monitor for new fraud schemes & “consumeristic assimilation”, adhere strictly to anti-money laundering rules, systematize learning
- Wires, travel insurance, guaranteed credit card program – needed to challenge suppliers
- Immigration loans to bring family, for retraining, emergency airline tickets to attend funeral back home & business start-up
- New Immigrant Home Purchase Plan for under 5 years in Canada – personal loan to top up down payment to be competitive, had to overcome raised eyebrow of regulators

No Room for Complacency:

- Migrant members are targets of competitors
- Assist them to settle ethnic ties
- Migrants can be as “promiscuous” with FIs as non-migrants for reasons of price, convenience, ego etc
- Ongoing member education, leverage initial loyalty by serving needs consistently and stay competitive

Positive Impact - Idealist & Practical:

- Serving new immigrants consistent with Credit Union Philosophy by helping integrate people

Financially and to avoid current forms of usury

- Build co-op movement via migrant members who, in turn, help build CUs in home country
- Good for business – since mid-1980’s high proportion of new growth for Ukrainian Canadian credit union attributable to new migrants

Conclusion:

- Credit unions are uniquely positioned to attract and service migrants
- The experience of Ukrainian Credit Union is but one model
- Maintain empathy, patience & perspective on challenges of integrating migrants into the Credit Unions
- By mere accident you are in a country accepting migrants verses being one

1. The Failure of Success – Why Great Companies Get Into Trouble:

Speaker: Julian Birkinshaw, Professor of Strategy and Entrepreneurship, London Business School, Great Britain

Business watchers know success can be temporary. From Enron and BP to Toyota and many more, today's leading companies can easily become tomorrow's cautionary tales. This is called Icarus paradox – the secret of success can be the seed of failure when we fly too close to the sun. We can identify things that make companies successful, and we can see how those assets often turn into liabilities. We also know that complacency, hubris and related personal traits often manifest themselves at an organizational level. Learn the clear warning signs, become alert to changes underway and open your mind to avoid succumbing to the failure of success.

What are the Elements for Failure:

- Blinkered - we seek out information that support our existing beliefs and we ignore information that did not fit
- Complacency - we see no urgency to change our experience and deep pockets will use through,
- Overbearing and arrogant - we know better because we have succeeded in the past

How to Stay Out of Trouble?

- Awareness
- Information – real time, unfiltered, shared and holistic
- Better quality discussion, consensus decision
- Improved management processes

For your organization consider:

- To what extent do you recognize the warning signs that indicate trouble ahead?
- What are the 3-4 key factors that explain your current success?
- How could these become the seeds of your failure in the years to come?

2. Social Media: Friend or Foe:

Speaker: William Azaroff, director, Digital & Community engagement Vancity, Canada
Cas Scott, Direct Marketing Manager, Community CPS Australia.

Sure we have heard about Facebook' 500 million users, but do you know that 200 million of them access Facebook from their mobile devices? We know that the uprisings in North Africa spread at a rapid pace because of social media. But most astonishing of all (especially for English majors) is "friend" has become a verb! Microsoft is looking for a new "save" icon to replace the diskette because half the world's population has never seen a diskette. Social media is changing the way we do business.

3. Government Debt Crises: Careful where You Step:

Speaker: Matt Bland, Policy & Communications Officer, Association of British Credit Unions Ltd (ABCUL), Great Britain
Tom Kiely, Head of Monitoring, Irish League of Credit Unions (ILCU), Ireland

To get through the financial crisis many nations engaged in stimulus spending, incurred expenses for bailing out the financial sector and saw bases drop. This occurred on top of already perilous budget deficits and the impact of these actions are creating significant fiscal restructuring that could impact credit unions and their members.

Credit Union in Britain:

As at September 2010

- 436 credit unions
- 0.9 million members and junior savers
- Total assets - £750m
- Shares (deposits) - £635m
- Lending - £500m
- Turnover - £75m

Growth:

- Small but growing fast
- Membership trebled between 1998 and 2008
- Assets, deposits and loans grew four- fold in the same period
- In 2010, 11% growth in members' deposits and assets, 9% growth in loans

Scope of Movement:

- Great breadth of development
- Many credit unions small – few hundred members, volunteer-led, limited products
- Some much larger – thousands of members, assets above £10m, wider product range

Membership Profile:

- Rough split between 2 forms of credit union

Community based – live or work – credit union. Many members on low/fixed incomes. Others unemployed or pensioners.

Employee-based credit unions - largely public sector workers from the transport and health sector.

UK Government Austerity and Regulatory Reform:

- Labour out, Conservative-Lib Dem alliance
- Conservative determined to eliminate the deficit
- In 2010 -11

Government Spending - £697bn

Tax Receipts - £548bn

Deficit £149bn or 21% of spending.

- Plan to reduce spending by £81bn over 5 years
- Despite fanfare, cuts yet to bite

Regulatory Reform:

- Finance services Authority scrapped
- New regulatory structure splits functions between 2 new bodies:

Prudential Regulator

Conduct and Competition Regulator.

- Much greater emphasis on tight oversight and higher prudential thresholds
- Financial Services Compensation Scheme
- No more light touch

Potential Effect on British Credit Unions:

External funding:-

- Many CU are dependent on subsidy
- Funding now are much harder to come by
- New government funding programme vs Labour's 'Growth Fund'

Very different terms - payment by results

Arduous approval/feasibility process

But - CU seen positively by funders due to past achievements and devotion

Delinquency and Lending:

- British CU are exposed to 2 key sections of their society

Public sector workforce shrinking and suffering

Welfare recipients squeezed

- Inflation well above target
- Too early to measure impact, but likely delinquency will rise
- More difficult to lend - public de-levering

Capacity of Government Administration:

- Legislative reform Order awaited for several years
- Repeated delays
- Over time civil service team significantly depleted
- Policy reaction to crisis and subsequent austerity drive takes priority

Regulation:

- Significant uncertainty and upheaval
- Entirely new regulatory structure to be brought in
- Burden and cost of regulation rising steadily
- New more intrusive regulatory philosophy
- Limited impact on CU so far

Financial Services compensation Scheme:

- Massive draw-down in financial crisis
- Unequal burden on simpler mutuals
- EU-level reforms proposed - prefunding

Tax:

- CU dividends taxable but paid gross
- Requirement to submit return detailing dividends paid never chased
- Tax authorities have begun looking again
- Could be significantly damaging for credit unions' ability to attract saving
- Much more complicate than saving with a bank

Lesson:

Questions to consider:-

- Are you dependent on grant funding?
- Are you exposed to the markets likely to be hit by austerity?
- What processes are in place for regulatory compliance?
- Do you have favorable or lenient tax treatment that could be scrutinized?

Final Thoughts:

- Many western economies are set to face challenges British now face
- This means self sufficiency more important than ever
- Processes and procedures must be robust
- Prepared to be pushed the list of priorities
- Self tightening is almost inevitable

Don't be too down hearted - this is also an opportunity.

5. After the Storm: The Status of the U.S. Credit Union System:

Speaker: Tom Dorety, President & CEO, Suncoast Schools Federal Credit Union, USA
Diana Dykstra, President & CEO, California and Nevada Credit Union League, USA. Mary Martha Fortney, President & CEO, National Association of State Credit Union Supervisors (NASCUS), USA

The American credit union system is being closely watched by the global movement.

6. 2012: The United Nations International Year of Cooperatives.

Speaker: Dave Grace, Senior Vice President of Association Services, WOCCU, USA.
George Ototo, Managing Director, Kenya Union of Savings and Credit Cooperatives (KUSCCO) Ltd, Kenya.

“Cooperatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility” according to United Nations Secretary General Ban Ki-moon. With 2012 being declared the International Year of Cooperatives, we have the ability to shatter the best-kept secret that shrouds credit unions if we work together in a coordinated fashion.

Task:

To highlight what plans are in Kenya for the UN International year of co-operatives and how we can get financial co-operatives on the same page as the broader co-operative movement.

Key stake holders have agreed that since the Co-operative movement in Kenya ranked 1st in Africa and 7th internationally, it is important that the country hold high profile celebrations commensurate with the stature in the co-operative movement in the world.

A steering committee consisting of the CEOs of National Co-operatives (NACOs) and staff from the Ministry of Co-operative development and Marketing has been formed to steer the celebrations.

The committee is chaired by the Permanent Secretary in the Ministry of Co-operative development and marketing. An official from the UN Development Programme (UNDP) is expected to join the committee for technical assistance. The government is holding discussions with the UNDP which has shown interest in offering technical support.

The steering committee has noted that the recognition by the UN at this time is very strategic for the co-operative movement in Kenya. It is therefore crucial to develop strategies to identify projects and activities that will assist to communicate to the country and to **re-brand** it.

The committee wants to use the opportunity to:

- (a) Create awareness that the cabinet had approved the Co-operative development policy and push for parliamentary approval into a sessional paper.
- (b) Show case and promote co-operative activity in Kenya through items and activities such as commemorative stamps, coins and events able to introduce various groups of people through sports events, concerts and fairs.

7. Reclaiming the Position of Microfinance thru Member-focused Consumer Protections:

Speaker: Isabelle Barres, Director, The Smart Campaign, Centre for Financial Inclusion at ACCION International, USA

The Smart Campaign brings together microfinance leaders from around the world who believe that protecting clients is not only the right thing to do, but the smart thing to do. WOCCU has been involved in this work for the past three years serving on its steering committee and working with credit unions in Mexico, Kenya and the Philippines to review their consumer protection practices. To date, more than 1,700 microfinance and other financial institutions, microfinance support organizations, investors, donors and industry professionals from 130 countries have pledged adherence to the Smart Campaign' core client protection principles. The campaign provides institutions with the tools and resources they need to deliver transparent, respectful and prudent financial services to clients, and is helping the industry maintain a dual focus on improving members' lives while attaining financial sustainability.

1. Introduction to the smart Campaign
2. Principles of member protection
3. Why the Smart Campaign matters now
4. Tools available for improving member protection
5. Member protection principles in practice

Campaign seeks to address the following:

1. Appropriate product design and delivery
2. Prevention of over-indebtedness
3. Transparency
4. Responsible pricing
5. Fair and respectful treatment of members
6. Privacy of member data
7. Mechanisms for complaint resolution

Transparent pricing is a pre-condition to responsible pricing:

8. Lessons from Building Societies, the Original Mutual Mortgage Lenders:

Speaker: Mike Hanson, Chief Executive, Vernon Building Society, Great Britain
Geoffrey Seccombe, General Manager, Maltland Mutual Building Society Ltd, Australia

Over the past decade housing finance has been the largest growing segment of the credit union portfolio in many markets. Today, housing finance represents more than 50% of the loan portfolio for American and Canadian credit unions and approximately 80% of the loan portfolio in Australia. However, long before credit unions entered the housing market our brethren – building societies- have been serving the housing finance needs of members. As credit union loan portfolios come to depend more and more on housing, it's important to understand the experiences of mutual building societies.

Maitland Mutual Building Society – 1989	The Mutual - 31 May 2011
Total Assets : \$20.5 million	\$475.5 million
Capital : \$1.5 million	\$ 31.8 million
Staff - 10	48
Branches - 1	6
Own ATM Network	15 ATMs (+ 3800 sub-network)
Membership	14000
Capital Adequacy Ratio	17.12%

Board Committees:

- Audit
- Insurance
- IT
- Remuneration and Nomination
- Risk.

Strength of the Mutual:

- Know their member base
- Know the areas they are doing their business
- Honest and competent management team
- Quick decision making process
- Relevant and respected by the community

Concerns:

- Increasing cost of governance and regulation
- Cost to income ratio
- Maintaining net interest income above costs and need for non-interest income
- Price competition
- Current lack of demand for loans
- Maintain branch structure (costs)
- Technology and product innovation

Day 3

Break-out Sessions:

1. 4 Ideas, 4 Continents and You.

- Speaker: Frank Diekmann, Publisher & Editor, Credit Union Journal, USA.
 North America - Canada, Credit Union. Social responsibility and sustainability.
 Asia - Uzbekistan: Stabilization fund Stability
 Africa - Milawi: Impact & Outreach, one size does not fit all
 Europe - Poland: The Kasy Stefczyka Group

North America/Canada: Credit unions long ago embraced social responsibility as an essential part of what they do, but few have made it a core part of their strategic vision and business plan. Credit union social responsibility is less about changing what we do, but more about how we think.

Once we decide to think strategically about financial literacy, then we can begin to measure the reach and effectiveness of our financial literacy programme and strive to improve outcomes for our members, employees and broader community stakeholders.

Corporate social responsibility (CSR) is transforming the way business operate. A recent survey found that the share of those who strongly agree that doing the basics – being profitable, paying taxes and providing jobs- is enough to be considered socially responsible, has not grown in the past decade. Meanwhile the share that says corporations need to be more accountable, ethical and responsible has grown greatly in the past five years.

Credit unions are standing from an advantaged position. Returning profits to the communities we serve through social responsibility initiatives is considered a core competency and point of differentiation for credit union. Enhancing this advantage is crucial.

Credit union can reimagine their relationships with their employees, communities, and members as well as the environment in which they operate in order to create both social and business value.

What Canada's CUs are doing?

Aboriginal housing and lending, sometimes in conjunction with government agencies.

Business lending to aboriginal people and organizations.

Reduction in emission of greenhouse gases, and set targets for further reduction

Greater awareness of environment.

Environmental policy councils within credit unions

Community teams of employees, with funding for projects if available.

Ensuring lending goes to projects that are socially responsible and reflect sound environmental management practices.

Facilities to assist those with disabilities. Sustainable purchasing.

Financial literacy. Participate in community green councils.

Programmes to help new immigrants.

Welcome to Canada website with additional resources on how to start a business.

2. Sustainable competitive Advantage: Five Principles of Enduring Success.

Speaker: Christian Stadler, Lecturer of Strategy, University of Bath, Great Britain.

In the aftermath of the financial crisis many executives focused on cost cutting. As the business climate improves, companies are shifting their attention back to growth, but the fall of corporate giants is fresh in our memories as leaders ask themselves how they can achieve a truly sustainable competitive advantage.

Great companies are intelligently conservative.

How can you be an intelligently conservative organization?

- Exploit before you explore
- Diversify into related products and markets.
- Learn from your mistakes.
- Be conservative in finances and beyond
- Change in culturally sensitive way.
- Be innovative But more important Exploit your innovations.

LEARN FROM YOUR MISTAKES.

More can be learnt from www.enduringsuccess.com or [wwwtwitter/Enduringsuccess](https://www.twitter.com/Enduringsuccess)

3. Developing Leaders through Broad-based Mentoring.

Speaker: Cheryl Byrne, Vice President of Knowledge Services & CEO of CUSOURCE, Credit Union of Canada (CUCC) Canada.
Sandi Kaye, Assistant Vice-President of Finance, First Calgary financial, Canada.

In 2010, Canadian credit unions successfully launched the National Mentoring Program. It was created to provide a unique opportunity for 'high potential' credit union employees to be paired with leaders from different credit unions within the Canadian system. the program was designed to guide the next generation of leaders, provide them with an opportunity to share wisdom and ideas, and to build leadership capacity for the Canadian system as a whole. Since its launch, the program has been an incredible success, not only meeting, but exceeding the expectations of mentors and mentees alike. This year, the program has been expanded and now offers a unique opportunity to mentor employees in commercial credit.

The National Mentoring Program was born out of two pilot programmes:

- The National Young Leaders mentorship Pilot(2008), which matched mentoprs and partners across Canada with a focus on developing young leaders; and
- The CBOS Mentorship Pilot (2009 – 2010), which matched mentors and mentees across Canada with a focus on developing skills related to business relationship manager position.
- A recommendation was made to continue these programmes and to expand the offering to a wider group of participants.
- Using and adapting tools from both mentorship pilots, the national mentorship programmes launched in April 2010.
- This national programme required a great deal of understanding, commitment, support and promotion from the project team members and key credit union leaders in the system to achieve a successful implementation
- National programme was created aas an enhancement- not a replacement – to any internal mentorship programme(s) that may already be in place within the credit union system.

Programme objectives:

- To transfer knowledge and wisdom to the next generation of leaders; and
- To build leadership capacity for the Canadian system as a whole.

Mentee Objectives:

- Improve leadership skills
- Develop an effective strategic planning process
- Change from tactical thinking to strategic thinking.
- Build self-confidence.
- Build supervisory leadership and networking skill.
- Career development.
- Change management; project management.
- Gain better understanding of our credit union system.

Critical Success Factors:

- Pairings had to be compatible.
- Clear objectives needed to be set.
- Time together had to be scheduled and honoured.
- There had to be trust between both parties; discussions kept confidential.
- Listening skills.
- Internal support.
- No age restrictions for either mentor or mentee.
- Mentors in a senior position for at least two years.
- Mentees are “high potential employees” as identified by their credit union (or system-owned partner).
- Only costs for participating in the programmes are those associated with communication between the mentor and the mentee.
- Time commitment is from two to four hours per month.

Structure:

- Application process
- Sign-off by managers to insure internal support.
- Mentors and mentees matched.
- Orientation webinar.
- Mentors and mentees complete formal partnership agreements.
- Meeting guided by agendas *developed by mentees*.
- Formal and informal meeting.
- Face-to-face or via technology.
- Telephone, e-mail, Skype.

Outcome:

- National program a success.
- Programme benefits both mentor and mentee- as well as the credit union at large.

Key Considerations:

- There is a huge desire for mentoring.
- Can be challenging to determine criteria for mentees.
- Particularly for leadership mentoring less so for commercial mentoring which has more defined competencies.
- Matching mentors and mentees appropriately can be a challenge-particularly in the leadership area.
- Defining the right length of time can be difficult.
- Mentoring ability of mentors.
- Need for more formalized evaluation process?

A Mentees' Perspective:

- Why I signed up for programme/initial expectations.
- Obstacles/challenges faced.
- What I got out of the programme. (value/benefits)
- Recommendations to other interested mentees- and mentors.

Expectations of the Programme:

- Commitment from mentor
- Structured programme.
- Knowledgeable mentor.
- Confidentiality of program.
- Appropriate match between mentee and mentor.
- Not too formal of process.
- Patient and understanding mentor.

Obstacles/challenges of the Programme:

- Time management
- Awkward to start.
- Each party has to take responsibility.
- Ensure that expectations of relationship is clear.
- It takes time to build relationship.

Value/Benefits of the Programme:

- Having someone to reach out to is there are issues in your work environment.
- Access to a support system during critical stages of your academic and career development.
- Exposure to diverse perspectives and experiences.
- The foundation of a lasting professional network.
- Identification of skill gaps.
- Exposure of diverse perspectives and experiences.
- Greater knowledge of career success factors.

Recommendations:

- Time management required.
- Understand it may be a bit awkward to start, but hang in there.
- Be honest and communicate well.
- It's a give and take relationship.
- Realistic expectations for mentor relationship.
- No one is perfect and good relationships take honesty, effort and time.
- Commitment is required from both parties.
- Leadership mentoring – helps build leadership skills in employees working in all areas of operations across the credit union system.
- Commercial Mentoring – a competency- building programme for leaders at all stages of development.

Conclusion:

- A mentor-mentee relationship is an important component of learning and development – for both parties involved.
- There are significant benefits of this kind of programme to the credit union system.

4. Cyber crime - Fraud Without Frontiers.

Speaker: Rob Crawford, Senior Analyst Financial Crimes, Abacus Australian Mutuals, Australia

The digital economy has revolutionized the way we live. Technology is now an everyday part of how we do business, how we interact and even how we shop. Unfortunately, other elements of society also saw opportunities in the online world and were quick to exploit vulnerabilities. Cyber crime in the financial sector has exploded over the past decade. From the earliest days of internet banking to today's smart-phone technology, organized crime has created a multi-billion dollar industry that shows no indication of slowing down.

What is Cybercrime?

- Criminal activity conducted using computers and the internet
- Once the realm of only computer whiz-kids
- Now covers a broad range of activities

Multi-billion dollar financial crime

Industrial espionage

National security.