

Benchmarking with Asia

(A Presentation by the Asian
Confederation of Credit Unions)



In this presentation, credit union is referred to financial cooperatives.

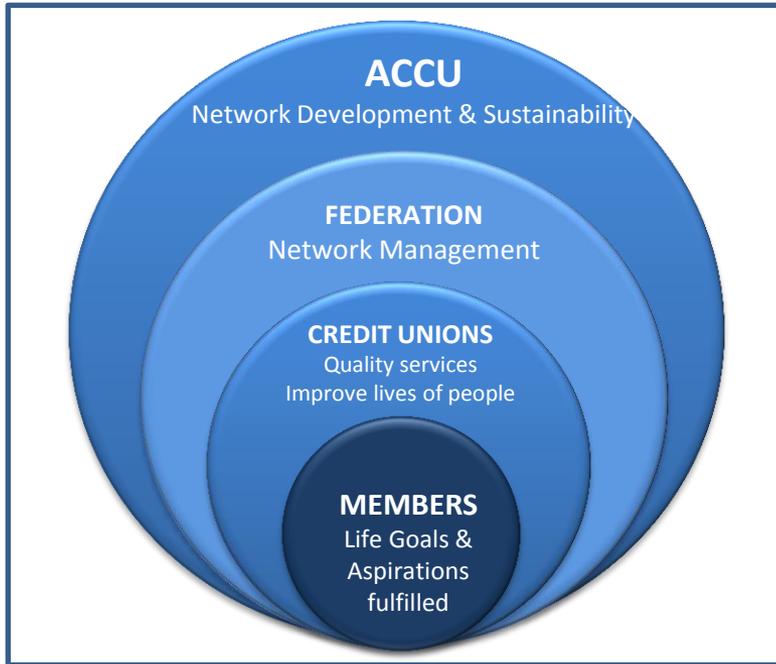


"I have not seen a unified credit union movement," Andrew So



2020 Vision

ACCU



Integrated & Sustainable CU Networks: demonstrating market differentiation, an institution sought by ordinary people.

Co-op Decade



Maintain the Co-operative DNA:
Business with a wider Social Engagement

Heightened
shared sense
of purpose



2020 Vision for Co-ops:

1. The acknowledged leader in economic, social and environmental sustainability
2. The model preferred by people
3. The fastest growing form of enterprise

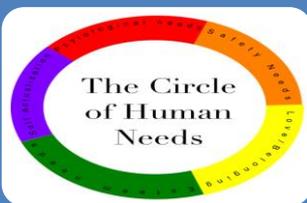
Asian Credit Unions Blueprint 2020



PARTICIPATION: Sharing of Resources & Standardization



SUSTAINABILITY: Supervision and Stabilization Fund



IDENTITY: Adherence to credit union mission (governance & quality services)



LEGAL FRAMEWORK: Enabling regulatory environment & self-regulation by federations



CAPITAL: Quality assurance through ACCESS branding

Credit Union Difference: Mission

ACCU (Asia)

- To work in partnership with members to strengthen and promote credit unions as effective instruments for socio-economic development of people in Asia.

National Federation (national)

- To ensure the sustainable growth of an integrated network of credit unions enabling them to provide quality service that improve lives of people.

Credit Unions (Village)

- To provide quality financial services that improve lives of people.

CREDIT UNIONS: Sought by ordinary people.



Members in the center of what we do.

Mission: provide quality products & services to improve people's lives.



Basis of our Operation: Principles of Cooperatives

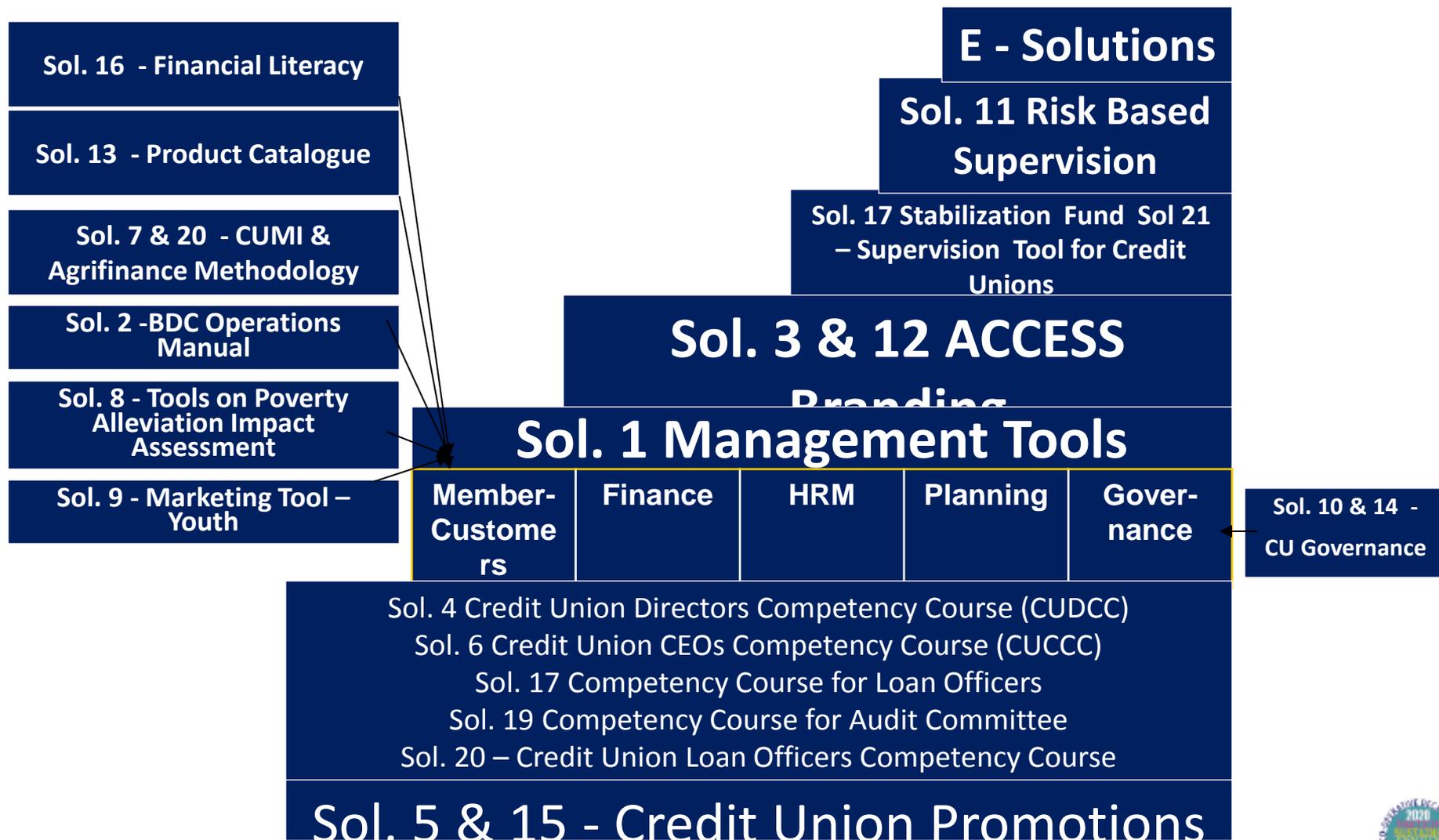


Business: Financial solutions addressing members financial needs.



Result: Financial Independence of Members – Community development

21 Credit Union Business Solutions



State of the Credit Union Movement



CU Network Ranking 2013 - Members

Country Members		Number of CUs	Individual Members	Member Ranking
Korea	NACUFOK	942	5,824,750	1
Thailand	FSCT	1,024	2,607,008	2
Indonesia	CUCO	921	2,353,704	3
Philippines	NATCCO	651	2,333,202	4
Philippines	PFCCO	728	2,189,250	5
Vietnam	CBV	1,146	1,742,506	6
Thailand	CULT	1,208	1,336,699	7
Nepal	NEFSCUN	1,644	1,032,452	8
Sri Lanka	SANASA	8,424	945,903	9
Bangladesh	CCULB	723	435,031	10
Taiwan	CULROC	342	214,136	11



CU Network Ranking 2013 - Assets

Country Members		Number of CUs	Assets	Asset Ranking
Korea	NACUFOK	942	54,228	1
Thailand	FSCT	1,024	50,428	2
Vietnam	CBV	1,146	2,610	3
Thailand	CULT	1,208	2,326	4
Indonesia	CUCO	921	1,635	5
Philippines	NATCCO	651	1,473	6
Taiwan	CULROC	342	814	7
Philippines	PFCCO	728	426	8
Nepal	NEFSCUN	1,644	377	9
Bangladesh	CCULB	723	189	10
Sri Lanka	SANASA	8,424	74	11

The Level of Integration of the Federations

Members	Voluntary (No contractual solidarity)					Contractual Solidarity (agreed upon and adhered to by all)				
	Inter-lending and Microfinance	Technology (transactional software)	Auditing	Training & Consultancy	Mutual Aid Program	Stabilization Fund	Risk based supervision	Shared Technology platforms	Standardization of Operations	Liquidity Management
Bangladesh	X	X	x	x	x	-	-	-	-	-
India	-	-	-	-	-	-	-	-	-	-
Indonesia	X	X	x	x	x	-	-	-	-	-
Korea *	X	X	x	x	x	x	x	x	x	x
Nepal	X	X	-	x	x	-	-	-	-	-
PFCCO	-	-	-	x	-	-	-	-	-	-
NATCCO	X	X	-	x	-	-	-	-	-	-
Sri Lanka	X	X	-	x	-	-	-	-	-	-
Taiwan	X	X	-	x	x	-	-	-	-	-
Thailand – community	X	X	-	x	x	-	-	-	-	-
Thailand-institution	X	X	-	x	x	-	-	-	-	-
Vietnam	X	X	-	-	-	-	-	-	-	-

* compulsory **Note:** all single CU Federation except Philippines



Why integrate?

We have an emergency...





WHY EMERGENCY!

Unsupervised Lending

Uncontrolled delinquency remain an issue



WHY EMERGENCY!

Capital erosion

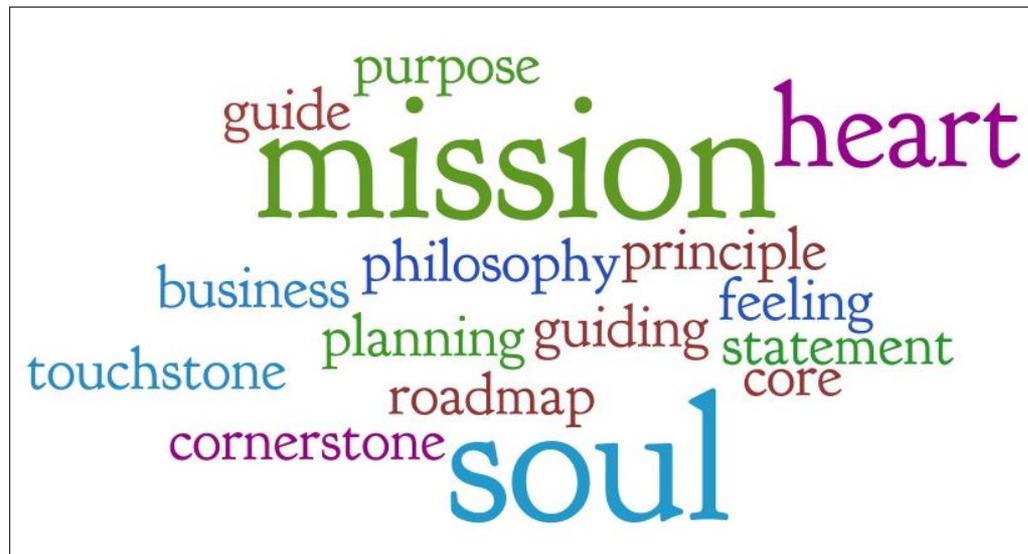
The amount of loan loss provisions made by a credit union is a huge losses to secure the stability – Institutional Capital

10% min. Institutional Capital not complied?



WHY EMERGENCY!

Mission Drift: The unspoken Crisis facing leaders & employees of credit unions

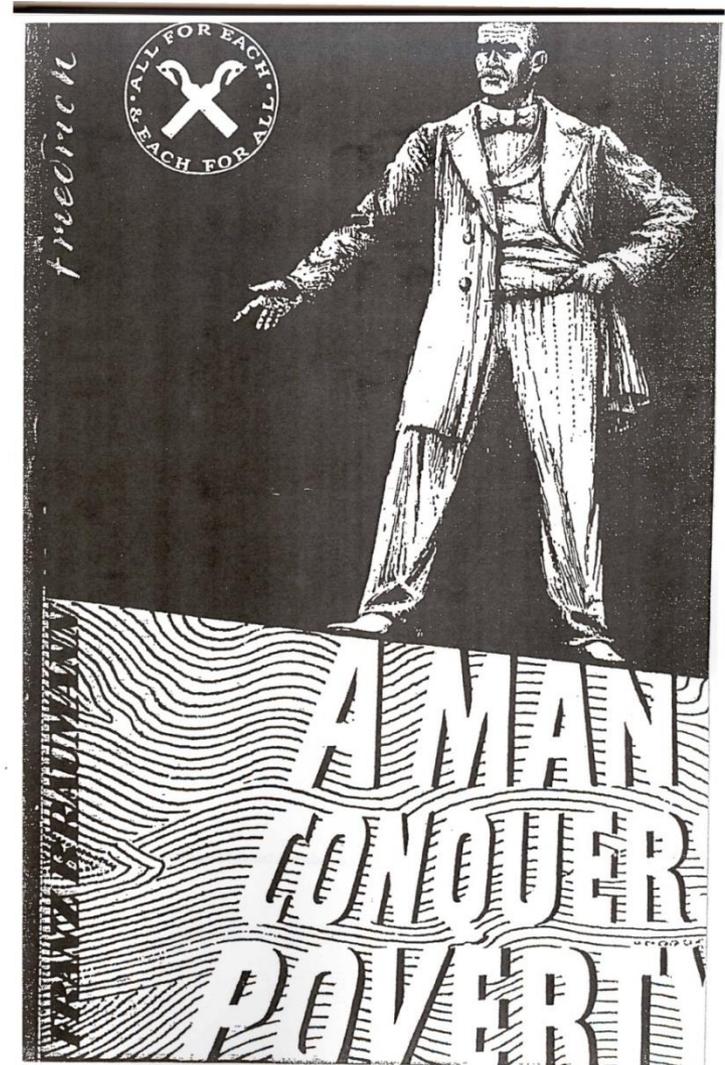


“There is a connection between poverty and dependency.

In order to fight poverty one should fight dependency first.”

3 'S' formula:

self-help,
self-governance and
self-responsibility.





WHY EMERGENCY!

Unnecessary
competition among
Cooperatives

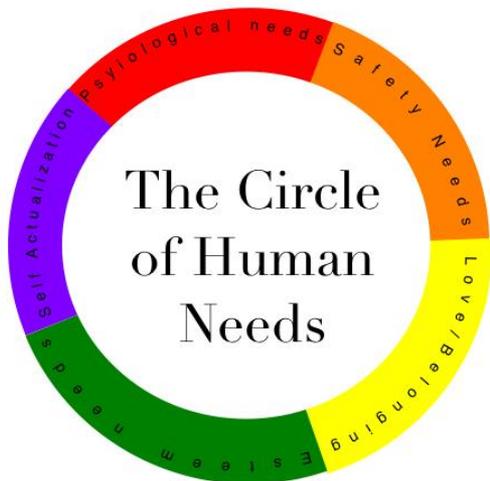
Credit union 1 versus
Credit Union 2





WHY EMERGENCY!

Question on Lifetime Member Value: are the needs of our members as the center of the coop business



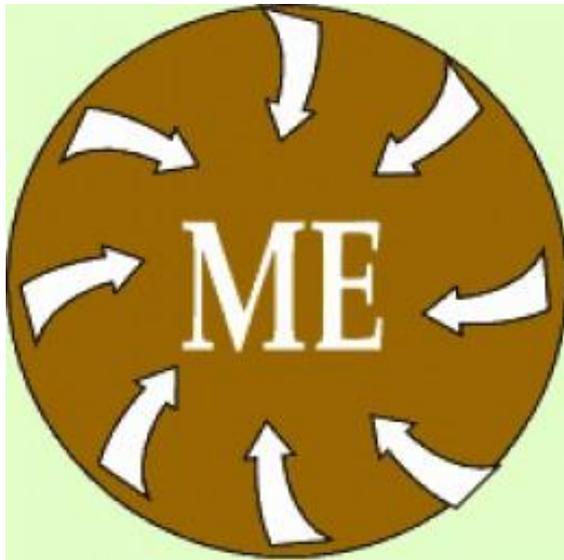
VS





WHY EMERGENCY!

Governance: integrity, competence, accountability, fairness



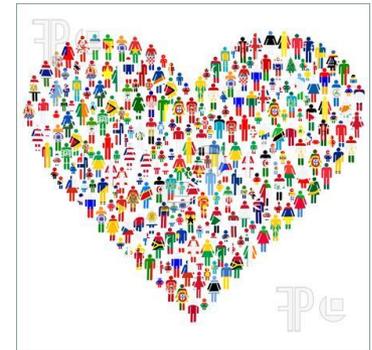
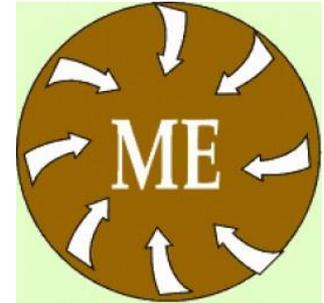
Critical Challenges:

Leaders demonstrate -- moral and intellectual honesty:

1. Dedication -- passionate belief

2. Magnanimously humble -- *"They ... take more pride in what they do than in who they are. They take intelligent criticism without ill feeling. Such people learn from their mistakes and don't harp on the mistakes of others."*

3. **"Me"** is the least word, **"We"** is the word exemplified





WHY EMERGENCY!

Poor or Bad Governance?

A question on the **Fit and Proper** person in the Board and senior positions?

Here is how we become...

Atomized...



HOW the
Credit Union
Movement
moves FORWARD?



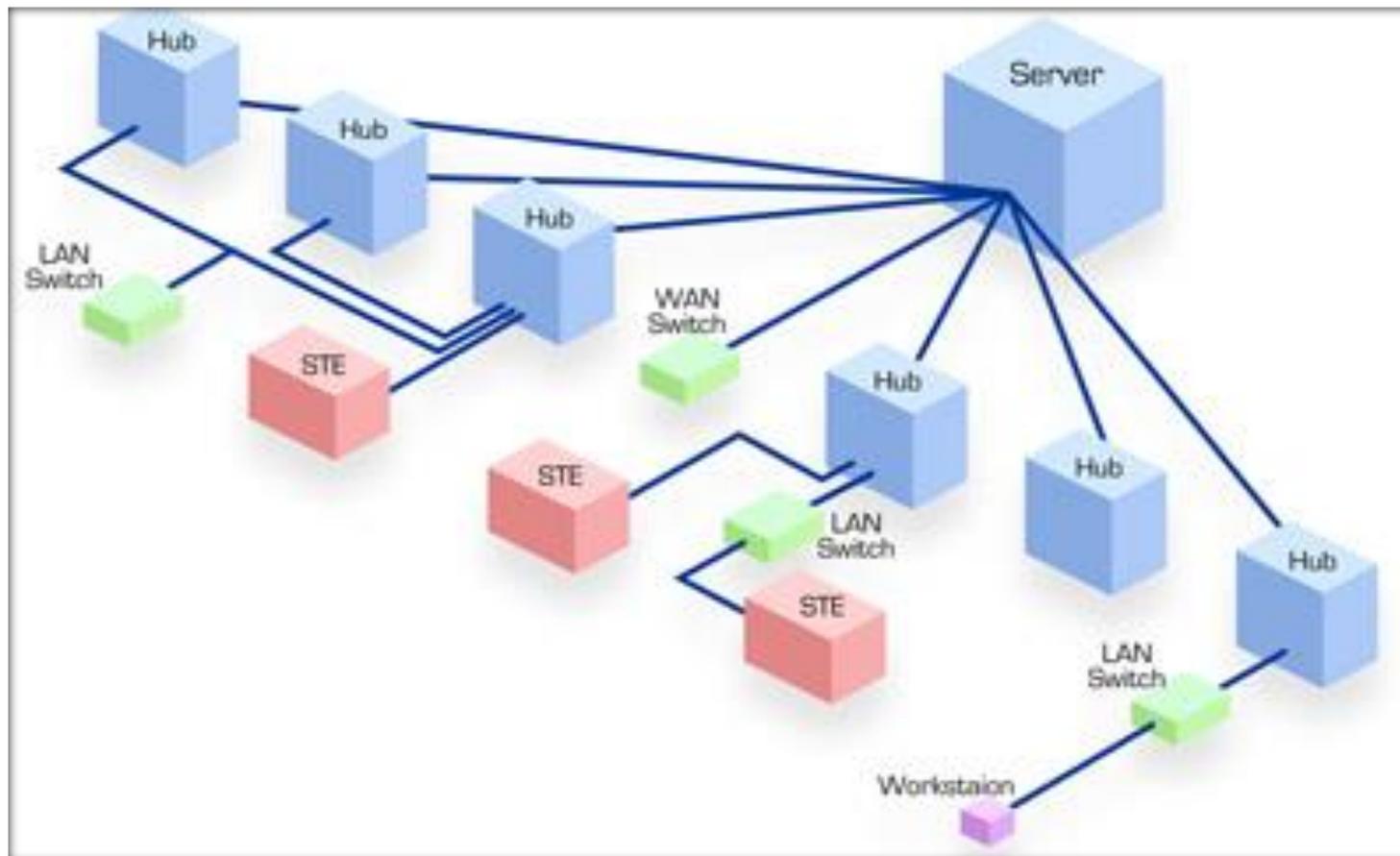
PREPARE

to WIN



Our Way Forward – Integrated CU Network

Solidarity, Disciplined - working together
– one for all, all for one



Experiences on Highly Integrated Networks:

Desjardins in Canada	6 million members and client & CDN\$212 billion in total assets
Korean Credit Union Network	6 Million members and US\$ 54 billion Assets

Credit unions are deeply rooted in their communities and effectively translate their mission - **helping people improve lives.**

Strategic Direction: INTEGRATED & SUSTAINABLE CREDIT UNION SYSTEM IN ASIA

Managing Growth & Sustainability

CU Network Development

Building Credit Union Foundations

QUALITY ASSURANCE

Branding, Benchmarking, Risk Based Supervision, Stabilization Fund, Credit Union Law, CRM

PROFESSIONALIZATION

Systems development, policies, products & services, prudential standards, management training, Strategic Planning, Good Governance, HRM, market segmentation

LEADERSHIP DEVELOPMENT

Formation of the National Federations (service organizations for credit union development) and training of leaders

MOTIVATION

Credit Union Philosophy, principles and values (continuing in economies in transition)

1971 to 1980

1981 to 1992

1992 to 2005

2005 to 2014

Beyond 2014



Integrated network governance

Integration challenges

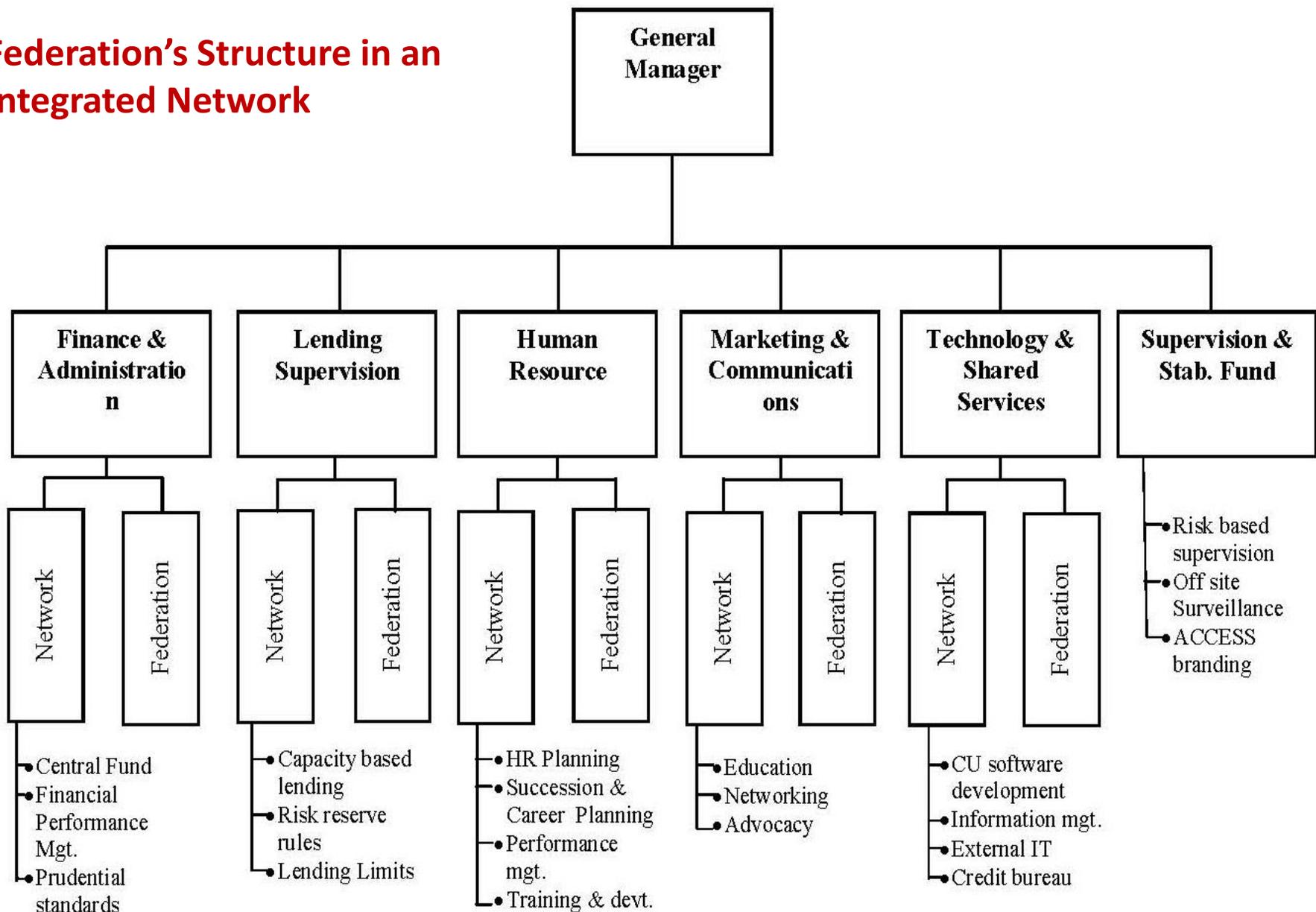
Criteria	Cycle of Evolution
1. Sharing resources (pooling)	Simple – solidarity put in action
2. Standardization of operations	Compromises is important
3. Contractual solidarity	Form something new
4. Governance and self-discipline	Maturity

Network Governance

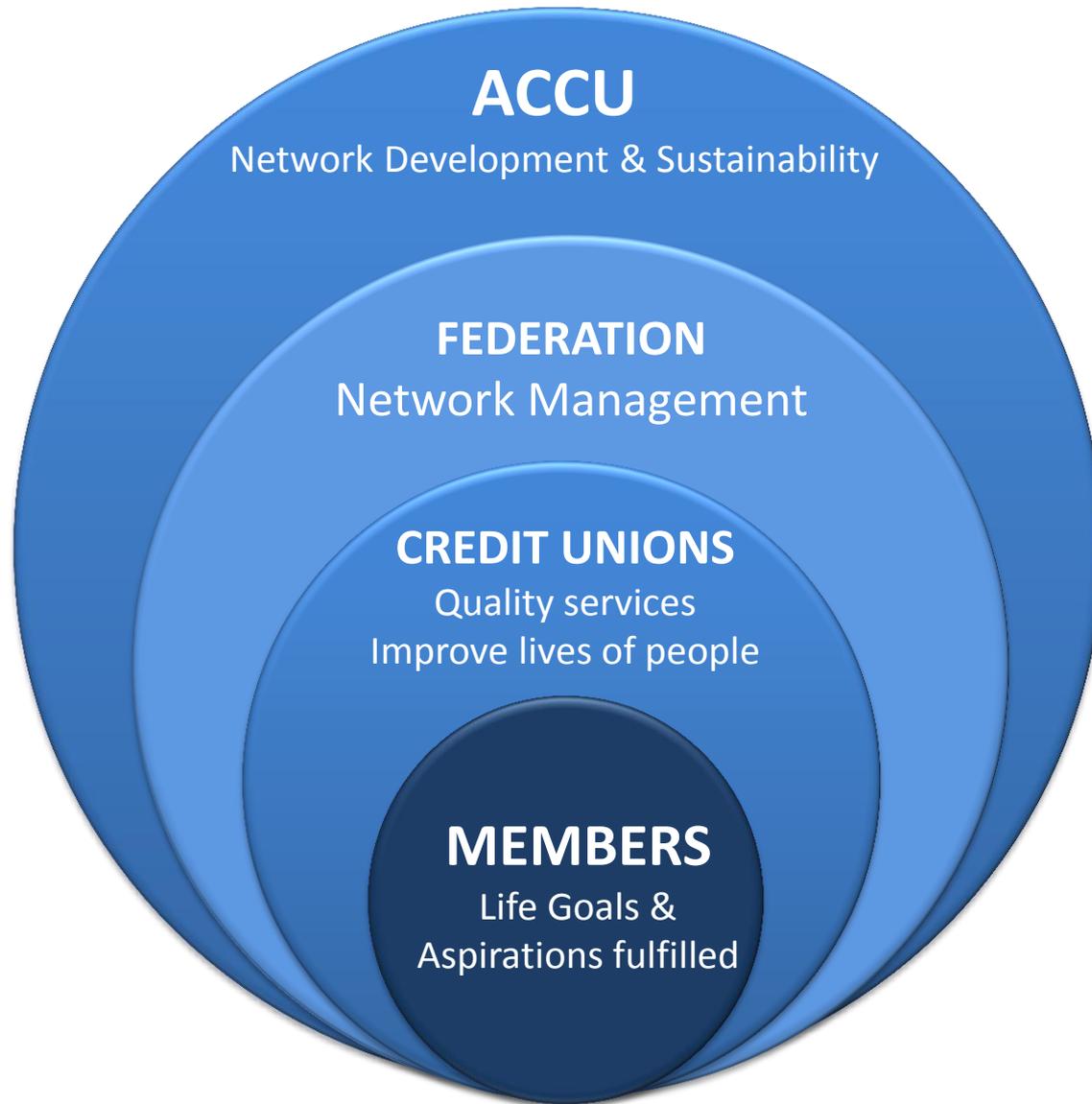
Four Integration dimensions

<p>1. Pooling or sharing resources</p>	<ul style="list-style-type: none"> ❖ Grouping of services (sharing of expertise, purchasing) ❖ Access to support services (liquidity management, exchange rates, payroll, training, staffing) ❖ Collective ownership (insurance company, ATMs)
<p>2. Standardization of operations</p>	<ul style="list-style-type: none"> ❖ Standardization of operating systems: accounting, information technology, control, MIS ❖ Standardization of policies and standards: credit, financial. ❖ Standardization of products: rates, term, collateral, fees ❖ Institutional image: logo, advertising, representation
<p>3. Contractual solidarity</p>	<ul style="list-style-type: none"> ❖ Control of the opening of points of service ❖ Balancing the size of the first-tier credit unions ❖ Fair membership fees paid to the network ❖ System of interconnecting vessels ❖ In-house security mechanisms: insurance, contingency funds , Stab Fund ❖ Central Liquidity Facility: external funds, risk sharing
<p>4. Governance and self-discipline</p>	<ul style="list-style-type: none"> ❖ Structure of democratic representation and centralization of power ❖ Principle of subsidiarity: 2rd tier ≠ substitution of the credit unions ❖ Risk Based Supervision, sanctions ❖ Affiliation and disaffiliation mechanisms

Federation's Structure in an Integrated Network



Vision: Integrated & Sustainable Credit Union Networks



Mission

ACCU (Asia)

- To work in partnership with members to strengthen and promote credit unions as effective instruments for socio-economic development of people in Asia.

National Federation (national)

- To ensure the sustainable growth of credit unions enabling them to provide quality service that improve lives of people.

Credit Unions (primary)

- To provide quality financial services that improve lives of people.

Working
together
is success
Henry Ford



Thank you.
Q&A

