

ACCUnews

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CREDIT UNION



People Helping People Help Themselves



28th Annual General Meeting Delegates and CEOs



Late Mr. G. Cua Recognition Award
received by Mrs. Cua



Coady International Institute Award
received by Dr. Anselmo Mercado



The Association of Asian Confederation of Credit Unions operates as a regional representative organization of credit unions and similar cooperative financial institutions in the region of Asia. ACCU is representing 35 million individual members from more than 29,000 credit unions in 20 countries in Asia. ACCU works in partnership with its member organizations [apex body of credit unions] to promote and strengthen credit unions as vehicles of community development and socioeconomic development of people.



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A Million Thanks to Members, Development Partners and Supporters for your unrelenting support and cooperation to ACCU!

Season's Greetings!



Wishing you all peace and prosperity in 2010

International Year of Cooperatives 2012

Expected Proclamation in the first week of December 2009

ICA reported that the United Nations in its meeting of the Third Committee has approved the first draft of a resolution proclaiming 2012 as the International Year of Cooperatives. The resolution put forward by 55 governments will now be submitted to the Plenary of the United Nations General Assembly for formal approval. The official proclamation of the Year is expected in the first week of December 2009 according to ICA.

At the General Assembly of the United Nations on 13 July 2009, the Secretary-General presented a report on the socio-economic impact of cooperatives and the desirability of proclaiming an International Year of Cooperatives and the progress made in promoting cooperatives. The report underscores the importance of cooperatives to socio-economic development and how agricultural and financial cooperatives contribute to long-term solutions for food security and a more resilient and inclusive financial system, in the light of the food and financial crises worldwide. It suggests that proclaiming an International Year of Cooperatives is an opportune moment to highlight the importance of cooperatives in development.

The report stated that Cooperatives make important contributions to socio-economic development. The capacity of cooperatives for creating viable and sustainable enterprises secures productive employment and the generation of income, thereby contributing to poverty reduction. In addition, cooperatives, driven by their values and principles and focus on their local communities, strengthen rural economies and provide significant positive externalities for the rest of society.

The International Year of Cooperatives would highlight the significance of cooperatives in many societies, and would strengthen the international commitment to support cooperatives. The Year could serve as an impetus for the adoption of policies, programmes, projects as well as regulations that promote cooperatives, raise awareness about cooperatives and their contribution to socio-economic development.

The Year would also provide a forum for dialogue on issues such as cooperative legislation and regulatory framework and cooperative autonomy.

Given the broad support for the proposed International Year of Cooperatives, the organization of such an international year seems feasible according to the report. ACCU responded to the survey made from different cooperative organizations. UN indicated that a small secretariat for the Year will have to be set up within the United Nations system to coordinate, promote and support the activities of the United Nations system for the observance of the Year. ACCU urges member organizations to make the International Year of Cooperatives meaningful and prove our worth for such high level recognition.

COOPERATIVES: SOME BASIC FACTS

- The cooperative sector worldwide has about 800 million members in over 100 countries through the membership organizations of ICA. Overall, it is estimated that cooperatives account for more than 100 million jobs around the world.
- Agricultural cooperatives account for 80 to 99 per cent of milk production in Norway, New Zealand and the United States of America; they account for 71 per cent of fishery production in the Republic of Korea; and 40 per cent of agriculture in Brazil.
- Electric cooperatives are important providers in rural areas. In Bangladesh, rural electric cooperatives provide service for 28 million people. In the United States, 900 rural electric cooperatives serve 37 million people and own almost half of the electric distribution lines in the country.
- 49,000 credit unions serve 177 million members in 96 countries, under the umbrella of the World Council of Credit Unions.
- 4,200 European cooperative banks, under the aegis of the European Association of Cooperative Banks, serve 149 million clients, including small and medium enterprises.

Source: ICA website, www.ica.coop; World Council of Credit Unions and European Association of Cooperative Banks; International Labour Organization, Fact Sheet, Cooperatives and Rural Employment, 2007.

Innovation & Credit Union Solutions Introduced at Pre-Forum Workshops

September 21-27



Women: Trainers Training on Women Leadership and Decision Making in Credit Unions

Twenty-three women leaders, program officers and trainers from ACCU member organizations in seven countries attended this year's women workshop. The workshop reviewed the achievements on women empowerment and the policy environment for women leadership participation and decision making in family level, community level and national level in the last two decades. An in-depth analysis of women leadership character vis a vis men leadership and decision making was made.

Participants shared successful women empowerment programs, leadership program products and services among member organizations. The workshop formulated recommendations for strengthening women leadership in every level of credit unions.



HRD: Trainers Training on Governance Framework for Credit Unions

The HRD workshop presented the Governance Framework for Credit Unions developed by ACCU as Credit Union Solution No. 14. The manual serves as guide for individual credit unions and second level credit union organizations to assist its Board of Directors and Managers in the performance of their duties and the exercise of their responsibilities. The manual consists of policy templates and tools that can be easily adopted after validating its consistency with specific provisions of the regulatory requirements per country.

Attended by 32 technical persons and Board from member organizations in nine countries, the workshop presented recommendation to adopt the framework. This will entail technical assistance from federations and ACCU in deploying the solution to credit unions. ACCU considers governance as an important concern in Asian credit unions since most of the critical issues on credit union operations are governance related. The CEOs in their meeting also provided inputs to the manual. The revised Governance Framework was issued by ACCU on October 15, 2009.





CEOs: Sustained Action of the National Federations to Protect the Credit Union System in Asia

This year's CEOs workshop discussed the Sustained Action of the National Federations to Protect Credit Union System in Asia. The outcome of the workshop will allow the national federations to introduce road map to build the credit unions as trusted cooperative financial institution in the country.

The CEOs formulated a concrete plan of action to introduce effective strategies, programs and mechanisms to stabilize the credit union system and ensure that

credit unions in Asia remain financially strong and secure, with healthy growth in assets, membership, and loan portfolios despite the difficult economy.

The plan included the establishment of risk based supervision system and stabilization fund, adoption of the governance framework, aggressive target to reach the low-income, repositioning credit unions as trusted wealth advisor and actively support the Asian Credit Union/Cooperative Regulators Alliance (ACCRA).



Youth: Trainers Training on Child Social and Financial Education

ACCRA entered into partnership with Aflatoun from the Netherlands to introduce the social and financial education for children as part of the current financial products offered by credit unions such as Youthbee, Smarteens, Gen X and EASY. The trainers training attended by 20 Youth delegates from six countries gained skills in using the training modules of Aflatoun. The existing products of credit unions for youth will now have to include child social and financial education in which children are empowered to make a positive change in their lives and in their communities, eventually breaking the cycle of poverty in which many find themselves.

The workshop recommended the piloting of Aflatoun in at least 10 credit unions in each country. Participating member organizations have seen that the translation of training materials and training of in-country trainers are the huge tasks.

ASIAN CREDIT UNION FORUM

Outsmarting the Impacts of the Global Financial Crisis



Chief Guest Mr. Somchai Sakhunsurat



Plenary Speaker
Prof. Kriengsak

For the last 19 years, the Asian Credit Union Forum has become the most awaited event for credit union leaders and professionals in Asia. The forum and pre-forum workshops from September 21-27 in Bangkok, Thailand drew 378 leaders and professionals from 27 countries across Asia and other parts of the world. The forum kicked off with the credit union visits in six credit unions and savings & credit cooperatives on September 24 and concluded with a welcome party at the Riverside Dinner Cruise. Experienced and caliber speakers from credit unions and financial industry sectors shed light on how members, credit unions and the movement outsmart the impacts of the global financial crisis in 5 plenary and 12 breakout sessions.

Mr. Somchai Sakhunsurat, Chief Advisor of the Minister of Finance of Thailand graced the opening program. Renowned Thai columnist, radio/TV commentator

writer and businessman, Prof. Kriengsak Chareonwongsak, in his keynote speech underscored that the impact of the global financial crisis can be positive or negative. On the positive side is an opportunity to create more benefit. An increasingly higher demand for loans may be an opportunity for credit unions to gain more from deposit interest. On the other hand, it may increase risk for credit unions, especially the risk from lending. Given these economic conditions, the credit union management must therefore be undertaken more carefully, emphasized Prof. Kriengsak.

Founding President of ACCU and legendary credit union leader in Asia, Mr. Andrew So highlighted that the major difference between credit unions and other financial institutions is in the people-oriented nature of credit unions as in the past, the present and the future. Member education on self-help mutual aid, the



Plenary Speaker Assoc. Prof. Thanwa Jitsa-nguan



2009 ACCU Recognition Awards



democratic and volunteer nature of credit unions, organized and united in Apexes have always been one of the strongest assets of the credit union movement. He said in this age of crisis as in the age of bigness, credit unions have appeared as refreshingly human organization. Credit unions should continue to invest in humanity. Mr. So emphasized that credit unions are measured by the service it renders to its people. "We are not interested in size in the credit union movement. We are interested in the heart of the credit union," Mr. So reminded the audience. In this financial crisis, the answer then is for the movement as a whole to take its great assets and values forward, to demonstrate that credit unions are truly different to make a difference in the marketplace of people; unity is strength, Mr. So stressed.

Recommendation addressed to credit unions, national federations and ACCU

was the highlight of the closing program. The forum is an excellent way of obtaining inputs from members, leaders and professionals of credit unions on the burning issues that pose great challenge to credit unions, said ACCU CEO Ranjith Hettiarachchi. The forum recommendations have been one of the most important foundations of ACCU programming and services.

The forum proper on September 25 and 26 were long day; nevertheless, the relaxed and enjoyable Thai and international night demonstrated the one family connection of the credit union people across Asia. The Credit Union League of Thailand and the Federation of Savings and Credit Cooperatives of Thailand were outstanding hosts of the forum. The Board of Directors and staff of CULT and FSCT were exceptionally hospitable and showed warm welcome to all participants.



President Mr. Oh-man Kwon & Mr. Andrew So



Auctioneer Ken Doleman

One Voice, One Family



Live Auction



Supporter Member Appreciation

International Credit Union Day, October 15, 2009

Theme: “Your Money, Your Choice, Your Credit Union”



Building lives,
empowering people,
making human difference
through credit unions

On October 15, credit union members around the world will celebrate International Credit Union Day, an event designed to commemorate the credit union movement's history and achievements.

Credit unions are not-for-profit financial cooperatives that provide an effective and viable alternative to for-profit financial institutions for more than 186 million members in 97 countries worldwide. They exist to serve their members, providing a safe place to save money and access affordable loans.

In Asia, the credit union movement has become a strong force that represents 35 million individuals from more than 20,000 credit unions in 20 countries.

Since 1948, International Credit Union Day has been celebrated annually on the third Thursday of October. Each year, the international event affords the opportunity to remember credit unions' proud history and promote awareness of and support for the credit union difference. This year's theme –Your Money. Your Choice.

Your Credit Union™ – underlines the credit union and cooperative spirit, emphasizing value, trust and service to members.

Credit unions are recognized as a force for positive economic and social change and have provided significant social and economic value in both developed and emerging nations.

Credit unions are people-oriented by nature as in the past, the present and in the future. Member education on self-help, mutual help, democratic and volunteer nature of credit unions have always been one of the strongest assets of the credit union movement. Credit unions are not measured in size, but in its heart to help people build lives. Credit unions should continue to invest in humanity.

On October 15, credit unions from around the world will be celebrating the day with parades, festivals, contests and open houses. We would appreciate if you could share with us some news and photos of your celebration for the International Credit Union Day.





ACCU BOARD OF DIRECTORS: (L-R) Treasurer Mr. Suriya Montripak - CULT Thailand, Secretary Mr. M. Gunaratna Perera - SANASA Sri Lanka, President Mr. Oh-man Kwon - NACUFOK Korea, 2nd Vice-President Mr. Reynaldo Gandionco - NATCCO Philippines, 1st Vice-President Mr. John F. Rodrigues - CCULB Bangladesh and Ex-Officio/CEO Mr. Ranjith Hettiarachchi

CCULB's Mr. Rodrigues & NATCCO's Mr. Gandionco are new Members of the Board

Two vacancies in the ACCU Board were created due to the change of Delegates in NATCCO and CULROC previously represented by Ms. Norma Pereyras and Mr. Chuang Chin-sheng respectively. The elect Alternate Board Mr. John Rodrigues, the Delegate from the Cooperative Credit Union League of Bangladesh automatically filled one vacancy. Since the 2nd Alternate Board from the Credit Union Central of Indonesia was no longer a Delegate, the other vacancy was elected at the 28th Annual General meeting.

Mr. Reynaldo Gandionco of the National Confederation of Cooperatives was elected to the Board. Elected Alternate Board are Mr. Min Raj Kadel of the Nepal Federation of Savings and Credit Unions (NEFSCUN) and Mr. Walis Pelin of the Credit Union League of the Republic of China (CULROC). Mr. Rodrigues and Mr. Gandionco will serve the remaining term until September 2010. The Board meeting held right after the AGM elected the Board's executive positions.

MOCCU to implement a 3-Year Strategic Plan starting 2010

The recent mission of ACCU in Mongolia on October 23-27 helped the Mongolian Confederation of Credit Unions (MOCCU) finalize the Strategic Plan for 2010 to 2012. MOCCU Chief Executive Officer Ms. Battsetseg, indicated that the development of Strategic Plan as well as business plan are blueprints for their three years operation. The plan has created a clear relationship of every activity to the fulfillment of MOCCU vision and mission, according to Ms. Battsetseg.

The Mongolian savings and credit cooperatives (SCCs) faced enormous challenge due to the collapse of more than 100 SCCs in 2005-2006. The Mongolian Confederation of Credit Unions (MOCCU) was established in 2006 at the General Meeting of licensed Savings and Credit Cooperatives (SCCs) organized by the

Finance and Regulatory Commission. Prior to the establishment of MOCCU, several federations of SCCs existed; but they are inactive now. Failure to prudently manage, adhere to credit union principles, observe proper governance are some of the reasons on the collapse of SCCs in 2005-2006. The crisis created bad image to SCCs affecting even those that are performing quite well. MOCCU has a big task to recreate and rebuild the image of credit unions in Mongolia besides its mission of promoting and strengthening SCCs as sustainable cooperative financial institutions.

As of October 31, 2009, MOCCU has 54 member SCCs out of the 217 licensed SCCs in 21 administrative divisions (Aimags). 102 SCCs are in the capital Ulaanbaatar and 115 are in the rural areas.



The Strategic Plan is mainly focused on building the systems and framework for credit union development which simultaneously raise MOCCU institutional capacity. October to December will be dedicated on the translation of credit union business solutions developed by ACCU in time for its introduction starting 2010. MOCCU seeks for development funds to support its most critical mission - strengthening credit union system in Mongolia.

At Glance: CEOs Learning from the Canadian CU Exposure

The second CEOs study visit to Canada organized by the Canadian Co-operative Association and ACCU was held on October 10-17 in the province of Ontario. The first exposure to Canada was organized in November 2007.

The group studied the regulatory environment of credit unions, acknowledged to have an enormous contribution to the success of the Canadian credit unions. According to the Credit Union Central of Canada, more than five million Canadians and business owners are the grassroots 'shareholders' of credit unions. One in three Canadians are members of credit unions and *caisse populaires*.



Participants of the study visit Dabchai Jaisusuk of the Credit Union League of Thailand, Kuber Niroula of the Nepal Federation of Savings and Credit Unions, Ranjith Hettiarachchi of ACCU and Sylvia Paraguya of the National Confederation of Cooperatives Philippines are welcomed by Jo-Anne Ferguson, Senior Director International of the Canadian Co-operative Association. Below is the learning at glance shared by CEOs.

Facts	Credit Unions in Asian countries (except Korean credit unions)	Credit Unions in Ontario Province of Canada
Registration and Licensing	Cooperative Department or Central Bank	Financial Services Commission of Ontario (FSCO)
Requirements for registration	Area survey and feasibility study approved by the Registrar or Administrator of the Cooperative Department.	Approved by the Minister of Finance. Following requirements must be satisfied: Feasibility Study, Business Plan, Policies on lending and investment, and interest rate risk management and minimum standards.
Initial Capitalization requirement	Under the cooperative or credit union law - initial capital is not required to operate. Requires on minimum paid up capital from initial members (15, 25 or 50 individuals) and shares of ranging from minimum US\$ 50-3,000.	Credit unions are required to be fully capitalized before operation. Share per member is CDN\$5, thus, it is not enough to start the operation. A new credit union has to apply for a capital offering with the FSCO (ranging from CDN\$1 million to 1.2 billion). If unable to reach the target capital, the credit union will not be allowed to operate.
Membership	Only natural persons. Legal persons could only be an associate member (saver).	Individuals and natural persons including registered organizations (companies, associations, clubs etc.).
Classification of Credit Unions according to asset size and types of products	There is no classification of credit unions by the regulators based on assets or types of products.	<ul style="list-style-type: none"> Class 1. Credit unions with Assets less than \$50M and does not offer commercial loan. (Note: commercial loans and loans for business over \$25,000) Class 2. Credit unions with assets of more than \$50M with commercial loans.
Standards of operation	No standardized operational policy procedures or tools by the National federation or regulators.	<p>The Central 1 (federation) has tools to help credit unions:</p> <ul style="list-style-type: none"> Credit Union Operating Manual helps credit unions comply with the regulatory requirements. The policy was affirmed by the Deposit Insurance Corporation of Ontario (DICO). In case of new or change in regulations, Central 1 develops to ensure regulations are integrated into the articles of incorporation and by-laws of credit unions.



Facts	Credit Unions in Asian countries (except Korean credit unions)	Credit Unions in Ontario Province of Canada
Prudential Standards	Based on PEARLS, some countries developed their prudential standards: Philippines - PESOS, Sri Lanka - RUPEES, Bangladesh - GOLD PEARLS. No compliance requirements or supervision by the regulators. No enterprises risk management.	Uses CAMEL (looks at the past) and Enterprise Risk analysis (looks at the future).
Levels of protection of Depositors	There is no stabilization fund or deposit insurance. Vietnam, NATCCO and PFCCO are piloting Stabilization Fund.	Deposits are insured up to CDN\$ 100,0000 under DICO. Central 1's Stabilization Fund (SF) was handed over to the government. SF needs a lot of internal discipline by the credit unions. DICO helps keep Ontario's credit unions safe and sound by providing deposit insurance and regulating their activities.
Classification of credit unions according to risk and consequence in terms of premium	No risk assessment in Credit Unions	Risk classification: High, Medium, Low High risk credit unions have premium of \$2.1 per \$1,000 of insured deposits. Premium reduces as the risk reduces.
Frequency of on-site monitoring	No onsite monitoring by the regulator or federation.	On-site monitoring is based on the classification of risk. Monitoring is at an average of 18 months. Class 2 credit unions are inspected once every three years; class 1 credit unions are inspected once a year. Inspection is done at the head office and is not extended to the branch.
Inspection	None	In-house and out-sourced inspectors. DICO has accredited audit firms. DICO provides orients/trains these audit firms on credit unions and its regulatory environment.
Levels of intervention	No clear policy and guidelines on the intervention on controlling from the federation and regulators.	Criteria are set for the interventions to occur. These criteria are also known to credit unions so they know which levels they are: Watch list, Supervision, Administration and Liquidation
Public complains and Members inquiries	This is a regulatory requirement on public complaints and issues.	This is a regulatory requirement. DICO has to answer the issues of the members. Thus, the hotline numbers should be made known to individual members.
Standard classification of loan products	No standardize products and services calcification by regulators or Federation.	Loans are classified as personal, agricultural, commercial, unincorporated institutions, residence mortgage
Clear delineation of the roles of the board and management.	No clear demarcation.	The law stipulates that the board does not interfere in the day to day operations of the credit unions.
Report to DICO	The transactions with the Directors Officers Staff and Related Interest (DOSRI) are only an internal policy and not imposed by the regulation.	DOSRI has to be reported to the regulators in addition to the financial performance and prudential standards.
Disclosure of CEO Salary	No legal requirement	Annual salary of the CEO of more than CDN\$150,000 has to be disclosed to the members.

TIMETABLE

2010 Regional Programs and Meetings

January 8 - 11	ACCU Staff Planning and Evaluation Meeting	Thailand	June 29-July 3	Credit Union Directors Competency Course	Thailand
January 24-28	Trainers Training on Governance Framework for Credit Unions	Thailand	September 4-7	Pre-Forum Workshops: CEOs, HRD, Youth and Women	South Korea
February 22-27	CUMI Enterprise Skills Development Training in collaboration with the Credit Union League of Thailand	Thailand	September 7	70th ACCU Board Meeting	South Korea
March 13-17	CEOs Workshop	Chennai, India	September 8-10	Asian Credit Union Forum & 50th Anniversary Celebration of Korean Credit Unions	South Korea
March 15-19	69th ACCU Board Meeting & Visit to Members	Chennai & Maharashtra, India	September 11	29th ACCU Annual General Meeting	South Korea
April or May	NACUFOK Exposure Program	South Korea	September 11	71st ACCU Board Meeting	South Korea
June 21-26	12th Asian Development Education Workshop	Thailand	September 28 - 30	ACCU Staff Planning and Evaluation Meeting	Thailand
			October 19	International Credit Union Day	Members
			November	CULROC Exposure Program	Taiwan
			December 1 - 7	Mini Master Degree Program on Credit Union Management	Thailand

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John Rodrigues
1st Vice-President - Bangladesh

Reynaldo Gandionco
2nd Vice-President - Philippines

Suriya Montripak
Treasurer - Thailand

M. Gunarathna Perera
Secretary - Sri Lanka

Ranjith Hettiarachchi
CEO - Ex-Officio

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