



**ASSOCIATION OF
ASIAN CONFEDERATION OF CREDIT UNIONS
Credit Unions Regulators Workshop
“Prudent management and Operational Performance
Standard of Credit Union”
July 28 to August 1, 2008 in Hanoi, Vietnam**

Background

The origins of co-operatives in Asia are found in the colonial legacy where credit unions began as social organizations that were meant to respond to the socioeconomic needs of members, rather than as financial institutions. In socialist, administrative government operated with credit cooperatives as instruments of political control and to deliver government-subsidized credit and inputs. This orientation has been passed on through the generations and today continues to be a challenge for the institutional development of credit unions as sustainable financial institutions. In many countries, especially those considered being “economies in transition”; government interference poses an even more significant challenge to credit union development. Issues of governance (transparency, accountability), financial viability and professional management are at the top of the credit union development agenda in Asia.

The overall Asian economy has grown rapidly over the past three decades. Some Asian countries, better poised to take advantage of rapid economic growth, have succeeded in transforming their economies into more productive and prosperous forces than other countries. As well, credit unions have operated in and continue to operate in an environment of rapid economic change, which is often made more complex by political instability. In general, these factors detract from the development process by making the analysis of institutional reform and strengthening more complex. Not surprisingly, credit unions have difficulty in keeping pace with the changing market environment and have not yet been able to reposition themselves in a substantial way as viable financial institutions. There are new institutions created to provide rural finance and microfinance.

ACCUCU has been operating as the regional representative body for credit unions since 1971. ACCUCU's mission is to promote and strengthen credit unions and similar co-operative financial organizations to enable them to fulfill their potential as effective instruments for the socio-economic development of their members. ACCUCU views itself as a catalyst for sustainable development throughout the region with the long-term vision of professionalization of credit union management and leadership. It works with the national federations to facilitate credit union development within their countries. In addition to its trade association functions, ACCUCU offers training programs and technical assistance in the following areas:



- leadership and management development,
- promotion and creation of systems in emerging economies,
- strategic and long term planning, and
- delivering specific financial technical assistance designed to strengthen institutional capacity and financial viability of credit unions in member countries.
- Marketing CUs to youth and women

Rationale/Problem Statement

To date, the overall performance of credit unions in Asia has been modest, with a market penetration rate of only .34%. Through a consultative visioning process over the past few years, ACCU members have identified targets set within a five-year plan, which intend to increase market penetration to 5% by the year 2010 by focusing on human resource development and developing management tools for credit unions.

The credit union movement as a whole faces major challenges in its efforts to re-position/professionalize. Some of the major challenges facing the Asian credit union system as a whole include:

- A lack of enabling legislative and regulatory environment that could impose prudent operating standards on credit unions
- A heavy reliance on volunteer management, rather than employment of professional financial managers
- A highly competitive and rapidly evolving financial sector

Re-positioning the credit union movement in Asia is a long-term endeavor. Recognizing the constraints faced by ACCU in terms of financial and human resources, the interventions that ACCU undertakes must be strategic and designed to create sustainable mechanisms whereby national federations can pick up and build on these fundamentals.

As a regional organization, ACCU is in a position to track and observe the development and performance of the credit unions from a systems perspective. ACCU can aggregate information and statistics concerning the credit unions from a systems perspective and present these positions to other regional and international organizations in order to strengthen the image, knowledge and contributions of the Asian system as a whole.

ACCU is planning a legislative conference of Economic Transition Countries, which will bring together regulators and credit union representatives to map out changes required to regulatory environments. The regulators workshop could share the expertise of CU regulations, Monitoring and administration in Mongolia, Laos, China, Cambodia, and Vietnam

This would contribute to bringing about change to the current legislative and regulatory absences – and the second major impediment in advancing the Asian credit union system.



Goal

Improved ability of Asian credit unions, particularly in ‘economies in transition’ to serve a wider base of members through delivery of competitive financial services.

Project Purpose

To improve the professional management capacity within Asian credit union systems and to explore possible organizational delivery models which enable and promote the development of a “professionalized” credit union system in Asia.

The workshop cum exposure is a platform to share the experience of credit unions regulations and monitoring in Indo China countries to come up with set of prudential standards for the monitoring of credit unions.

Objectives:

- To discuss and prepare monitoring tool for credit unions at every level
- To review present legislative issues in operation of CUs
- To present showcase of PEARLS system on CUs monitoring

Organization:

The Workshop cum exposure program of Legislators /Administrators of credit unions will be conducted in collaboration with the Central Peoples Credit Fund and State Bank of Vietnam.

Organized by: Association of Asian Confederation of Credit Unions
Co-Hosted by: Central Peoples Credit Fund and State Bank of Vietnam

Program Schedule

Monday – July 28 - Arrival

13:00-17:00 Arrival and Registration
19:00 Dinner

Tuesday – July 29

07:00 – 08:00 Breakfast
09:00 – 10:00 Opening Program

- Arrival of Honorable Guests, invitees, participants, member delegates
- Introduction of the Theme of the Conference
- Welcome Speech-
- Welcome Remarks-
- Chief Guest:
- Keynote address:
- Introduction of Guests & Participants



10:00 – 10:30 Coffee/Tea Break

Moderator of the Day:

10:30 – 12:00 Credit Union Profile in Asia-Challenges and Issues

12:00 – 14:00 Lunch

14:00 – 15:00 Introduction of Credit Union Benchmarking

Presenter:

15:00 – 15:30 Coffee/Tea Break

16:00 – 17:30 Regulation and Monitoring in Asian Countries, A brief highlight

19:00 Reception Dinner

Wednesday – July 30

Moderator of the Day:

08:30 – 10:00 Case Presentation (15 minutes for each country)

– Cambodia, China, Laos, and Mongolia

10:00 – 10:30 Coffee/Tea Break

10:30 – 11:00 Case Presentation Credit Union Regulation in Vietnam

11:00 – 12:00 Group Discussion:

Mechanism to Ensure Safe Management of Credit Unions

Issues:

12:00 – 13:30 Lunch Break

13:30 – 15:00 Group Discussion:

Performance Evaluation and Monitoring System for Credit

Issues

- What monitoring indicators should be adopted by Asian Credit Cooperatives /Unions system?
- How the monitoring system could be institutionalized in credit cooperatives/ unions?
- Who should have the responsibility to monitor the prudential standard of Credit Cooperatives /Unions?

15:00 – 15:30 Coffee/Tea Break

15:30 – 17:00 Plenary-Presentation

19:00 “Dinner on your own”

Thursday – July 31

07:00 – 08:00 Breakfast

08:30 – 10:00 In-Country Plan: Strategies and Action Plan to Reach the Goal

10:00 – 10:30 Coffee/Tea Break

10:30 – 12:00 Presentation and Recommendation of Action Plan

12:00 – 12:30 Closing Program

12:30 – 14:00 Lunch

14:00 – 19:00 Field Visit - Visit to Peoples Credit Fund

19:00 Dinner

Friday –August 1 Breakfast and Departure