

Contents

Message from the President	1
Report of the CEO	2
ACCU yesterday, today & tomorrow	4
ACCU Scorecard	6
Reaching Out	8
Changing Leadership Competency	10
ACCESS	12
Credit Union Monitoring & Standardization	14
Repositioning Strategy	15
Beyond 2006	16
Rebuilding Credit Unions	18
Board of Directors & Chairmen/Presidents & CEOs	20
Financial Highlights	21
ACCU Management Team	22
Member Organizations	23
Development Partners, Projects & Affiliations	24

“I believe a small credit union should be SMART and a big credit union should be STRONG”

As globalization draws the world closer together, more challenges as well as opportunities are presented to us. Starting from a longstanding commitment to Asian credit union solidarity, ACCU believes that more than ever, credit unions must act and think in unison for the future of the movement. But a real commitment means more than just resolutions and meetings; it requires the whole movement's solid commitment to demonstration of the credit union difference.

The way in which we have demonstrated our solidarity during the last 35 years is a great achievement and today this can be translated into how we adhere to the decisions we arrive at. I know that Management in partnership with the CEOs of member organizations has produced many excellent tools to improve the operations of credit unions and those tools capture the passion and commitment that will revive the future of our movement. I believe a small credit union should be *SMART* and a large credit union should be *STRONG* therefore we must manifest ourselves in many different types of change and must be prepared to innovative at all times.

The ACCESS brand is an example of the essence in everything credit unions do, how they communicate and how the organization creates value in their products and services which is reflected in their image in the community as a whole. The Credit Union Directors Competency Course (CUDCC) can significantly change a director, his or her life and their credit union's operation. I believe this course represents an invitation and challenge to open the director's mind to the wide ranging responsibilities involved in effective member representation.

In today's financial landscape, a redefinition of the traditional business model is necessary, and for this we need an open mind. Of course for credit unions, our approach to doing business may change the way we behave, the way we develop our products or the way we apply technology, but we should never forget our core values and principles.

Solidarity is also pooling our strengths to create a strong force that will generate an immense impact and I have proposed creating an Asian Solidarity Fund to support the developing credit union movement. I strongly believe this to be a significant opportunity for all of us to once again demonstrate our unity towards a common goal.

I wish to extend my sincere appreciation to all members for your contribution and support of the ACCU Board of Directors and Operational Staff; it has been personally pleasing and an honor to have served as ACCU President. The spirit of cooperation and solidarity presently existing in Asian credit unions will no doubt lead to the achievement of greater goals on behalf of credit union members in the future. My sincere thanks to all.



Supachai Srisupaaksorn
President

Message from the President



Ranjith Hettiarachchi
Chief Executive Officer

April 28, 2006 was the 35th anniversary of the Association of Asian Confederation of Credit Unions. There has been tremendous change since then in terms of the role of ACCU and the way credit union development has taken shape – due to the rapidly-shifting social, economic, technological, and political environments around us – which we must cope with. Credit unions are now in new operating environments and they need to gain competitive advantage through specialization and effectiveness in their core function and business. Credit union business is to enable people to grow and our means of achieving

it is through our financial services – savings and loans.

In light of the above factors, ACCU in 2004 started implementation of the Strategic Plan 2004-2009. The plan was a product of a careful examination of the challenges, opportunities, and threats that were perceived ahead of us. Management strives to achieve the targets set in the plan by integrating them into the annual business plan prepared in consultation with the CEOs of member organizations and inputs from the Asian Credit Union Forum. A review of the implementation of strategies is presented in this annual report.

Goal 1 – Growth of the Movement

I am very happy to report that four Affiliate members were accepted in the reporting period: Maharashtra State Federation of Cooperative Credit Societies Ltd (MAFCOS), Central Credit Cooperative Union of Iran, Samen Al Aemeh Credit Cooperative - Iran, and Mauritius Co-operative Savings and Credit League Ltd. The increase in membership makes ACCU a more dynamic and knowledgeable organization, through the rich and diverse experience in credit union development which we can access to assist our growth and learning.

This year we are pleased to inform you of the remarkable increase in the key figures of our movement's achievements, through the increase in individual members and credit unions we represent. Similarly, the increases in the movement's financial statistics indicate our strength.



the future of credit unions

Graph

Goal 2 – Competitiveness

The Road Map helped the management to become strategy-focused which means translating them to operational terms. The strategies contained in the Road Map become our guide in developing our annual plan. The strategies on branding, changing leadership competency, customer relationship management, connectivity and convenience, repositioning credit unions as trusted wealth creation advisor, and competitively priced products and services are contributing to the goal of competitiveness. Though statistics show dramatic growth of the movement, it must be emphasized that quality, safety and soundness of established credit unions remains a major concern.

As a think tank organization, ACCU ensures that systems and mechanisms are developed by integrating best practices in the financial industry. We believe that the new approach to credit union development today should include equipping credit unions with policies, systems, and procedures and training its people on their proper application. If systems are institutionalized, credit union performance will be consistent and progressive while responsible people will change accordingly. ACCU has developed credit union solutions that mostly embrace policies, systems, and guidelines on credit union operation for the use of members, who in turn will equip credit unions with these important tools. The annual report will provide you a glimpse of the Credit Union Solutions we are building up for Asian credit unions.

Goal 3 – Sustainability

As a movement, we can be very proud of the 48,375 credit unions in Asia and I believe we would be even prouder if the sustainability of these credit unions could be guaranteed. ACCU is concerned with the quality of established credit unions and we have been working over the last five years to address the issue of prudent management of these credit unions. We started by introducing prudential standards as self-regulation until it became part of the regulatory compliance in Bangladesh, Nepal, Sri Lanka, Philippines, Hong Kong and Thailand.

ACCU launched the ACCESS Brand, a set of management standards encompassing all aspects of credit union operation with the aim that achievement of ACCESS standards will obviously exhibit excellence in service and soundness of a credit union. The March 2006 CEOs Workshop recommended the establishment of a Stabilization Fund and Monitoring Unit at the national federation level which was aimed at ascertaining responsible corporate governance and ensuring financial stability of member credit unions. ACCU will be piloting the ACCESS, Stabilization Fund and Monitoring Unit with selected member organizations and we believe that the experience can easily be replicated to other member organizations.

ACCU's sustainability strategy is to increase its internal reserve fund to enable implementation of its trade association and development missions. Currently, we are very proud of the fact that ACCU's core function is 100% self-sufficient and we are grateful for the assistance provided by our development partners and their continued trust and partnership with us: Canadian Co-operative Association, Cordaid, Agritererra, and Rabobank Foundation. Finally, we wish to thank our members for their cooperation in making ACCU's existence valuable and effective for the last 35 years, we are committed to Asian credit union solidarity and we will continue to demonstrate that in our services, policies and mechanisms. Thank you very much.



35 years of service to credit unions

credit unions working together can be a powerful force for change

A credit union working by itself can play a significant role in any community; but credit unions working together can be a powerful force for change. That is why the Asian Confederation of Credit Unions was established.

In 1971, delegates from nine Asian countries - Japan, Hong Kong, Indonesia, Korea, Malaysia, the Philippines, Taiwan, Thailand, and South Vietnam – assembled in Seoul, Korea to fulfill an individual and now a collective dream - to cooperate with one's neighbors for the good of all. ACCU was born on April 28, 1971 with five founding members: the Philippines, Korea, Taiwan, Japan and Hong Kong. Its mission is to assist members to organize, expand, improve, strengthen and integrate credit unions. Remarkably, the founding members put together USD 91 in dues as a start up fund for the confederation.

ACCU's operational area includes 38 countries from Japan to Afghanistan, an area characterized by enormous diversity in culture, economic and political systems. Within this complex and diverse area, ACCU plays a vital role both as a development organization and as a Credit Cooperative Trade Association. In addition to coordinating and sharing credit union development information, ACCU is a key facilitator in training and education, technical cooperation, technology transfer, marketing credit unions, networking with parallel organizations and legislation.

After 35 years of existence, the confederation has built its resources sufficiently to fulfill its core function. Well respected development partners are supporting ACCU with its development function throughout the region and this enables ACCU to add value to members by introducing innovations and solutions to issues that impede the growth and competitiveness of credit unions.



Today, the confederation represents 34.3 million individual members from 48,375 credit unions with combined movement assets of USD 50.8 billion. The level of trust placed in the confederation is demonstrated in the number of members of good standing who are complying with their responsibilities and obligations as set by the General Meeting: 15 Regular Members, 17 Affiliate Members and 9 Supporter Members.

ACCU is rooted in the credit union principles and philosophies and joins with people and organizations that adhere to the same credit union values as 'People Helping People.'

Photo: First General Manager, Augustine Kang and Founding President, Andrew So played an important role in building ACCU.

Our Vision...

Sustainable Credit Unions in Asia

We believe that ACCU's primary purpose is to ensure credit unions are continually providing affordable financial services to their members. To perform its purpose, credit unions have to achieve financial viability, operational efficiency, member-customer and employee satisfaction, competitive position, knowledgeable and involved boards of directors and quality products & services. ACCU's value added services to members are all directed toward the shared vision.

Our Mission...

ACCU works in partnership with its members to strengthen and promote credit unions as effective instruments for socio-economic development of people.

Core Values, Our Commitment to members and partners

Dynamism: We owe our members a Dynamic Regional Organization. We will strive to expand our human resources by mobilizing competent people who can deliver value-added services to our members in a timely manner.

Innovation: We owe our members a Leading Organization for Credit Union Innovation in Asia. ACCU will not duplicate what our members are doing. Our services will always be of value to members that use them to help achieve their own goals.

Learning: We owe our members a Learning Organization for Credit Unions in Asia - this means ACCU will be the resource center or facilitator for credit union best practice, management tools, systems, guidelines and technology.

Quality: We owe our members and partners the Highest Quality Service possible at all times characterized by responsiveness, accuracy, integrity and professionalism. We will always strive for quality improvement.

Solidarity: We owe the Asian Credit Union Movement the value of Solidarity. This means our mechanisms, policies, and programs will translate this value.

management commitments

- *Positive attitude*
- *Innovative*
- *Quality*
- *Service mind*
- *Integrity*
- *Professionalism*
- *Teamwork*
- *Responsible and accountable*
- *Self-esteem*
- *Communication*



inspiration toward our fresh outlook

Measuring up the achievements of Strategic Plan 2004-2009

Financial Perspective	Strategic Objective	Performance Measure
	<p>Safety and soundness of established credit unions.</p> <p>Strategy: Standardization and monitoring strategy</p> <p>Improvement Actions:</p> <ul style="list-style-type: none"> • Advocacy to credit union regulators • Development of standards and policies for self-regulation 	<p>Credit Union Movement Growth in 2005 as compared with 2004</p> <ul style="list-style-type: none"> • Assets - 15.6% (USD 50.8 billion) • Savings and Shares - 41.7% (USD 47.4 billion) • Loans Outstanding - 14.37% (USD 33 billion)
Member-customer Perspective	Strategic Objective	Performance Measure
	<p>Image building by demonstrating the credit union difference.</p> <p>Strategies:</p> <ul style="list-style-type: none"> • Need based and competitively priced products & services • Customer Relationship Management • Repositioning Strategy as Trusted Wealth Creation Advisor for members • Reaching Out • Market Segment Targeting <p>Improvement Actions:</p> <ul style="list-style-type: none"> • Developing tools & credit union solutions • Marketing credit unions 	<p>Credit Union Movement Growth in 2005 as compared with 2004</p> <ul style="list-style-type: none"> • Individual Members of credit unions - 189 % (34.3 million) • Number of credit unions - 146.2% (48,375 credit unions) <p>Credit Union Solutions Developed</p> <ul style="list-style-type: none"> • Wealth Creation Tools • CU Solution 2 - Business Development Center Operations Manual • CU Solution 5 - Credit Union Promotion Manual • CRM Guidelines for credit union



"Unless we begin to help our individual members understand that they are the backbone of our movement, not just members of credit unions, we cannot proudly say that we have built a movement with a good cause and a common philosophy, a movement for constructive change, a movement to give people a meaningful participation and an opportunity through ownership to become masters of their own destinies."

Andrew So, Founding President of ACCU

ACCU's Three Goals:

Movement Growth; Competitiveness; & Sustainability

<i>Internal Business Process Perspective</i>	<i>Strategic Objective</i>	<i>Performance Measure</i>
	<p>Credit union excellence in service and soundness</p> <p>Strategies:</p> <ul style="list-style-type: none"> • Branding • Connectivity and convenience <p>Improvement Actions:</p> <ul style="list-style-type: none"> • Formulate and communicate credit union tools & solutions • Forging and facilitating partnership with reputable IT players in the market • Execute and study credit union best practices • Equip trainers of members organizations 	<p>Credit Union Solutions Developed</p> <ul style="list-style-type: none"> • CU Solution 1 - Management Tools • CU Solution 3 - ACCESS Brand Diagnostic Tool <p>Future Actions:</p> <ul style="list-style-type: none"> • Establishing Brand Department at the national federation • Training ACCESS Auditors
<i>Knowledge & Learning Perspective</i>	<i>Strategic Objective</i>	<i>Performance Measure</i>
	<p>Optimize people resources</p> <p>Strategies:</p> <ul style="list-style-type: none"> • Changing Leadership Competencies <p>Improvement Actions:</p> <ul style="list-style-type: none"> • Formulate and communicate credit union competency skills for volunteers and professionals • Develop competence profiles required for volunteers and general managers of credit unions • Train the trainers • Provide opportunity for advance training to build the competitive advantage of credit unions based on knowledge, skills, and capabilities of its people. 	<p>Credit Union Solutions Developed</p> <ul style="list-style-type: none"> • CU Solution 4 - Credit Union Directors Competency Course (CUDCC) • CU Solution 6 - Credit Union Managers Competency Manual (CUMCC) <p>Training Opportunities</p> <ul style="list-style-type: none"> • Annual Asian Credit Union Forum • Asian Development Education Program • South-Asia Sub-Regional Program • Exposure Programs in Korea, Taiwan, and Thailand



translating vision & strategy to action

Marketing the credit union difference

ACCU maintains a strong commitment to outreach activities, through wide-ranging resources and programs. The reaching out strategy represents a significant contribution in achieving growth of Asian credit unions.

Reaching out the 'Have Less'

Globally around 1.2 billion people live on less than \$1 a day and around 800 million of them live in Asia. Since 1994, ACCU has been consistently striving with persistent efforts to convince credit unions to open-up their doors to the "have less." The revived Credit Union Microfinance Innovation (CUMI), a sustainable provision of financial services with education to the economically active 'have less' has grown to be an accepted product of credit unions targeting the low income and economically active poor segment of the community.

ACCU has taken this development to the next stage placing importance on enterprise sustainability, believing it is the way for the 'have less' to emerge from poverty. The Business Development Center (BDC), a functional unit of the national federation is designed to provide consulting services on business skills, management, market linkages and market information to credit unions and their members. ACCU believes BDC should be part and parcel of CUMI to ensure that credit unions will succeed in their poverty alleviation program.



Reaching out Non-Member Country

Planting the seed of credit unions into economies in transition has been one of the focal points of ACCU's development function. Over the last five years, ACCU had been successful in attracting new members such as Vietnam, Cambodia and Russia. In the absence of a regional confederation in Africa, credit union organizations in Mauritius found enormous benefit in Affiliate membership of ACCU. Being an inclusive organization, ACCU welcomes credit union organizations wanting to foster development for the sake of its larger base membership.

Growing support for credit union promotion in Lao PDR and Pakistan is planned in 2006 onwards. Two Netherlands development organizations: Agritererra and Rabobank Foundation entered into partnership with ACCU to support initiatives in Lao PDR and Pakistan respectively.

ACCU's credit union family is also growing with four organizations joining as Affiliate members in 2005/2006. ACCU has now reached 25 countries in Asia.

Credit Unions: the hope and future of Asian people . . .

Reaching out Women and Youth markets

The issue in credit unions regarding empowerment of women is clearly illustrated by the number of women being elected to leadership roles, as most users of credit unions are women. To credit unions, women empowerment is defined as women having access to needed financial services and participation in decision-making that leads to improved economic standards. ACCU has developed a program “Women Empowerment through CUMI” where women are given the opportunity to develop leadership and business skills.



Meanwhile, the credit union youth market in Asia is even more diverse, given the range of ethnic groups, exposure to media, level of economic development, and educational opportunities and focus. In countries where free-thinking is given some leeway however, Asian youth attitudes are maturing fast and youth has become accustomed to modern, open-minded, and often a changing society. Credit unions need to respond urgently in attracting the youth market to sustain its growth and future with market segmentation and targeting more important than ever. ACCU has used several platforms to discuss the issue with members and the Youth Advisory Committee is providing feedback in developing products and services that will attract youth to credit unions.

Milestones:

- ‘Have Less’ are now enjoying the services of credit unions in Indonesia, Nepal, Sri Lanka, Philippines, and Vietnam with total new membership of 63,033 and savings of USD 2.1 million.
- With 3.1 million outreach, ACCU, representing the Asian Credit Union System ranks number seven (by region) in the Micro Credit Summit Campaign report of 2005.
- Developed the Credit Union Solution Series no. 2: Business Development Center operational Manual
- Intensified commitment through the Action plans of the 31 representatives of member organizations at the Regional Workshop on BDC who planned to reach 90,000 ‘have less’ women by end of 2007. The workshop was supported by Agriterra of the Netherlands
- ACCU grew from 11.8 to 34.3 million individual members and 19,648 to 48,375 credit unions from year 2004 to 2005.



Changing Leadership Competency

Credit unions are all about people who pool together their strengths and capabilities to carry out the mission of credit unions. ACCU considers people in credit unions as their most important asset. Credit unions must invest in their infrastructure – people, systems and procedures – if they are committed to their purpose. This will require major competency building of both volunteer leaders and professionals so that their minds and creative abilities can be mobilized for achieving the organizational objectives. ACCU believes that a strong credit union is built on continuing education to develop its human capital; it is with the precepts that a leader who builds competencies sets high standards for the credit union.

ACCU has put in place an assortment of programs to provide opportunities for volunteers and professionals to raise their skills and knowledge in managing credit unions in today's landscape. As of this reporting period, ACCU has achieved significant milestones in this area:

<i>Programs in 2005/2006</i>	<i>Strategic Objective</i>	<i>Milestones</i>
Credit Union Exposure Program, CULROC-Taiwan, FSCT and CULT-Thailand	To develop the availability of leaders at all levels to inspire their credit unions toward a clear vision and bold strategy.	11 credit union leaders study Taiwan credit union movement while 311 leaders were inspired by the achievements of Thai credit unions in 6 exposure programs.
15 th Asian Credit Union Forum on Branding Asian Credit Unions on September 10-11, 2005 in the Philippines.	To increase leaders and professionals' awareness on the current issues that affect credit union growth and sustainability, and consequently become aware of solutions to cope with the challenges posed to credit unions.	ACCESS Branding and Credit Union Competency Course were endorsed. The Forum unveiled solutions in achieving employee & member satisfaction; operational efficiency; quality products and services; and financial performance excellence.



*Development
Educators
Batch 2006
4-8 June*

*Human capital development:
A leader who builds
competencies sets high standards
for the credit union*



<i>Programs in 2005/2006</i>	<i>Strategic Objective</i>	<i>Milestones</i>
8 th Asian Development Education Workshop on June 4-8, 2006 in Bangkok, Thailand	To develop a larger base of professionally skilled volunteers and professionals, who can actively promote the unique role of credit unions, by communicating cooperative principles to both member and non-member groups.	32 Development Educators join the ranks (now 224). The DEs turned advocates build competencies and set high standards for their respective credit unions and movement.
Credit Union Directors Competency Course (CUDCC) <ul style="list-style-type: none"> • Launching CUDCC at the Asian Credit Union Forum 2005 in the Philippines • Pilot testing of the CUDCC Manual August – October 2005 in the Philippines • Train the Trainers Training on December 5-10, 2005 in Chiangmai, Thailand • Regional CUDCC Training on June 12-17, 2006 	To develop involved and active Boards of Directors of credit unions who will ensure the delivery of excellent services to members by the credit unions.	<ul style="list-style-type: none"> • CUDCC Trainers Manual developed, piloted, now up and running • Trained trainers of member countries • PFCCO and NATCCO have institutionalized CUDCC as a regular service for a fee • Mongolia (MOCCU) has translated the manual and conducted one training session • The General Assembly of CCULB had passed a resolution making CUDCC compulsory for directors of credit unions • CULROC, NEFSCUN, CCSF, CULT, and FTCCS-SANASA is in process of translating the manual.

Investing to human capital development

ACCESS is to provide superior value - enabling members to grow.

Being a component of the Asian Credit Union Strategic Plan 2004-2009, ACCU and its members have been carefully crafting the credit union brand with high commitment and unwavering focus for over two years now. The technologies introduced by ACCU such as Professionalization, Credit Union Microfinance Innovation, Credit Union Directors Competency Course, Management Tools, and Strategic Planning Tool are building blocks in molding a best practice credit union.

Branding is the movement's fundamental strategic focus involving national federations in its delivery to credit unions. It is anticipated that ACCESS will deliver high value, and must be defined in member terms. With ACCESS, credit unions can build a continuous relationship with their members and users; but they must always work to maintain it.

The role of ACCU and its members is central in supporting credit unions to achieve the goals of ACCESS. Today, credit unions should possess a differentiation that is directed to member benefits. In fact, the first and most important purpose of ACCESS is to *provide superior member value - enabling members to grow*. This is indeed the basic rationale for credit union existence. Stated in a different way, a credit union's mission is always stated as "to uplift the living standards of people."

In the March 9-12 meeting, the CEOs of ACCU's member organizations agreed on the following brand rating.

ACCESS	Score	Equivalent %
Bronze	207-241	60-70%
Silver	242-275	71-80%
Gold	276-310	81-90%
Platinum	above 311	above 90%



The milestones:

- Diagnostic Tool for ACCESS (A-one Competitive Choice for Excellence in Service and Soundness) developed and accepted by members
- Five member organizations adopted ACCESS with the aim of establishing their own branding department
- Category of brand rating established
- Implementation Guidelines for ACCESS developed and accepted by members
- The first diagnosis workshop determines the gap of credit unions as compared with the ACCESS standards
- Ongoing development of tools, systems and procedures to meet the required standards of ACCESS

ACCESS Chronology of events



2005

September 9-10: ACCU launches ACCESS brand at the Asian Credit Union Forum in the Philippines

2006

February 25-27: The Cooperative League of Bangladesh (CCULB) launches ACCESS in the Bangladesh Credit Union Forum held in Cox Bazaar.

February 28: The General Assembly of CCULB approves ACCESS as standards to be followed by affiliated credit unions.

March 9-12: CEOs approve the ACCESS brand implementation guidelines at the CEOs Workshop held in Kuala Lumpur, Malaysia

April 27: The Credit Union League of Thailand (CULT) launches ACCESS and decides to pilot five credit unions achieving the brand in two years time.

April 27-28: The Philippine Federation of Credit Cooperatives (PFCCO) launches ACCESS on its Educational Forum entitled Benchmarking towards Branding: Cooperative Business Excellence Solutions in Manila, Philippines

May 2-4: ACCU organizes the First ACCESS Diagnosis Workshop attended by partner credit unions from PFCCO and NATCCO. The workshop reveals many policies, procedures and systems to be developed. The partners believe that ACCESS is achievable, but technical assistance from their national federations is very much needed.

May 27-28: The National Confederation of Cooperatives (NATCCO) launches ACCESS during its 18th National Co-op Leaders' Congress on the theme Branding Asian Savings and Credit Cooperatives: the Philippine Setting in Cebu. Implementation process is underway.

May 27-28: The Credit Union Coordination Indonesia (CUCO) launches ACCESS Brand in its Forum held in conjunction of its Annual General Meeting in Lampung. Credit union leaders in attendance appreciate the importance of the standards.



*A-one Competitive Choice for Excellence
in Service and Soundness*

Standards play a role in raising levels of quality, safety & soundness, and efficiency of a credit union.



Standards make an enormous contribution to most aspects of credit union operation. Standards play a role in raising levels of quality, safety, soundness and efficiency of a credit union. By adopting standards, credit unions will gain the trust of members and the public because the development of their products and services and internal business processes are in accordance with widely accepted industry practices. Meanwhile, monitoring the compliance of credit unions to the set standards is of prime importance.

ACCU is playing a leading role in promoting standards in Asian credit unions in both external and internal regulations. Except Korea and Taiwan-ROC, credit unions in Asia are regulated under the general Cooperative Act which lacks guidance on prudential standards. ACCU provided a platform for regulators and national leaders of credit unions to discuss the lack of enabling policy environment for credit unions through the two regional workshops organized in 2003 and 2005. ACCU sees the regulators as partners for credit union development, and will continue dialogue on issues needed to be addressed such as the establishment of a Stabilization Fund and a separate regulation for financial cooperatives in addition to the general Cooperative Act. The third regulators conference is scheduled in 2007.

With respect to internal regulations, ACCU has made significant progress in building blocks to equip credit unions with standards based on international best practice. Currently, ACCU is working on the Credit Union Managers Competency Course Trainers Manual and it will be launched by the end of 2006.

Milestones:

- Prudential standards developed by regulators of Hong Kong, Philippines, Thailand, Nepal, Bangladesh, and Sri Lanka.
- Credit Union Solution No. 1 - Management Tools for Credit Unions developed and evolving
- Credit Union Solution No. 3 - ACCESS Brand Diagnostic Tool
- Credit Union Solution No.4 - Trainers Training Manual for Credit Union Directors Competency Course
- Stabilization Fund Bylaws developed and accepted by ACCU member organizations

Credit Unions: Trusted Wealth Advisor for members

The Strategic Plan of ACCU had chosen the Strategy of repositioning as Trusted Wealth Advisor for members because of the importance of the public image of credit unions in Asia as credit institutions. People are signing up as members with the intention of accessing the loan services of credit unions and this is a big impediment to their growth and competitiveness. Every financial service made by a member from the credit union should have a purpose leading to achieving his or her financial goals.

ACCU believes that the purpose of a credit unions' existence is to enable its members to grow. Many people claim they want to be wealthy, or at least financially independent, yet most of them live from paycheck to paycheck and retire broke at the end of their working lives. Credit unions intervene in the financial lives of members and they will be there for as long as they are needed. As financial partners, credit unions should provide advice to their members on the best strategies for wealth creation which should be part of continuing member education. In this strategy, ACCU will be helping its members to introduce training programs and tools that can be used by credit unions in advising their members.

Milestones:

ACCU has researched the most successful wealth creation strategies which will be matched to the relevant and diverse needs of members of credit unions throughout Asia. The materials will be adopted based on the complexities of Asian environments. The manual on the Wealth Creation Advisory Tool highlights the following:

- a range of fast and easy do-it-yourself processes designed to rapidly dissolve any hidden resistance in mastering wealth creation
- training modules on financial education
- practical step-by-step strategies for jump-starting or redefining members wealth creation journey
- blueprints for setting up business or investment structures for members

"Credit unions must not confine themselves to granting loans. Their main objectives should be to control the use made of money, and to improve the moral and physical values of people, and also, their will to act by themselves."

*F.W. Raiffeisen
1818-1888*



Credit Union Development Outlook

With the task of creating new possibilities and embracing flexible thinking, ACCU will be striving to equip credit unions with tools to operate from a fresh perspective based on the cooperative principles.

ACCU emphasizes a system of governance reflecting co-operation. Credit unions must continuously earn the loyalty of their members and the nature and evolution of the credit union's governance is critical to this development. Our programs will reiterate the presence of a strong bond of trade association and business relationship at all levels, to ensure that benefits will trickle down to individual members and will assure sustainability of the credit union system.

The March 2006 brainstorming exercise with the CEOs of member organizations reinforced and realigned our movement's direction. Everyone realized that increasing competition is a major threat to credit unions and unless we can meet this competition, we will end up in downward spirals of decreasing volumes of business, deteriorating profitability of operations and reduced capacity to pay remunerative and competitive prices. This will adversely affect our ability to provide useful services to members resulting in a decline in membership and volume of business. The underlying focus of development was emphasized by the CEOs:

1. Forge a strong brand name with solidly shared vision and a clear member-oriented mission. In this respect, application of ACCESS Branding will be started at the national federation with the mind of consistent promotion to the member credit unions.
2. Establish responsible corporate governance to ensure the financial stability of member credit unions. ACCU and national federations will work closely to establish the Stabilization Fund program.
3. Promote the use of technology to provide excellent service to members by cooperating with other credit unions in establishing an Information Technology center. The national federation seeks every opportunity to identify cost effective strategy on IT application.



creating new possibilities and embracing flexible thinking



4. It is crucial for credit unions to undertake regulatory responsibility by creating a Monitoring Unit at the national federation. ACCU and its member organizations will focus on this area to prepare framework and operational standards for monitoring credit unions.
5. Professionalization of management operations by putting in place policies, systems and procedures for operations of credit unions
6. Develop and repackage products and services of credit unions ensuring that they meet the needs of members. This will mean active promotion and advocacy of the compelling promise regarding the benefits of credit union's products and services using internal and external communications. ACCU and the national federations will work closely to emphasize the credit union difference and promote brand names of credit union products.
7. Develop knowledgeable and involved Boards through the Credit Union Directors Competency Course (CUDCC) and a continuing professional education program. The review of the CUDCC modules is vital to ensure that the course is evolving according to the needs and current situation.
8. Develop competent Managers of credit unions through the Credit Union Manager's Competency Course (CUMCC). ACCU with inputs from members develops a training manual to standardize the course, while the national federation will ensure its consistent application to their respective movements.
9. Provide a platform for national federations to continuously lobby with the regulators for enabling policy environment for credit unions.
10. Cooperate with other federations through ACCU to forge cooperation that promotes safety and soundness of credit unions i.e. technology, insurance, guarantee scheme and human resource development.

ACCU's underlying strategic plan is to uphold sustainable credit unions in Asia, and thus all recommendations of the CEOs are incorporated in our services and programs.

challenging the status quo

The Asian Tsunami Indonesian Earthquake

Asian Tsunami: Following the massive earthquake and tsunami disaster that struck Asia on 26 December 2004, ACCU initiated mobilization of the Tsunami Rehabilitation Fund. Thanks to the USD232, 574.90 received in donations, more than 86 per cent of it from the Asian credit unions. By this reporting period, ACCU has provided grants to the amount of USD 140,300 from the fund established to support rebuilding efforts spearheaded by member organizations: Development Promotions Group – India (DPG), Credit Union League of Thailand (CULT), Credit Union Coordination Indonesia (CUCO) and SANASA Sri Lanka. To date, ACCU has assisted an estimated 30,000 members and families of credit unions in four countries.

Indonesian Earthquake: While still struggling to recover from the devastation of Tsunami, an earthquake struck the Indonesian island of Java on May 27, 2006 at 05:54 with a magnitude of 6.3. The epicenter of the earthquake was located 25 kilometers southwest of Yogyakarta city, Central Java and Yogyakarta being the most affected provinces. As of June 2, 2006, the Government of Indonesia (GOI) reported more than 6,200 deaths and more than 46,000 injuries. The earthquake destroyed or heavily damaged an estimated 140,000 homes, according to the U.N. Office for the Coordination of Humanitarian Affairs (OCHA).

CUCO reported that 11 credit unions were affected, 5 credit union offices destroyed, and 5,387 houses of credit union members damaged. The death toll of credit union members reached more than 50 and more than 1,000 members were injured. The appeal by ACCU and CUCO, raised USD 5,148 from members to help Yogyakarta Chapter in Indonesia

The Rehabilitation Goal: Credit unions ravaged by the December 26, 2004 tsunami continue to be vehicles of community development by providing affordable financial services to members and assist in rebuilding the lives of members affected by tsunami.



India:

The Development Promotions Group, India was grateful to ACCU members for their contribution of USD 20,000 to extend microfinance support for 22 Self Help Groups affected by Tsunami. This helped to generate small income to meet the daily needs of the survivors and DPG is confident that these SHGs can evolve as credit cooperatives. DPG had also mobilized donations to build houses but there were insufficient funds to meet the requirements of the people, therefore ACCU released an additional grant of USD 44,500 for the construction of 10 houses for members whose homes were washed away by the waves.

Credit Unions affected by disasters will continue to become vehicles for people development

Indonesia:

Most notably, Indonesia recorded the highest death toll and devastation of property. The fund, (supported by the credit union movement in Asia) for the rehabilitation carried out by CUCO was a small amount compared to that required. ACCU supported the rehabilitation in Nias Island where eighteen strong credit unions are operating and were severely affected by the earthquake and tsunami. The fund support of USD 22,805 was used to construct two credit union offices and acquire office equipment for 6 credit unions.



A credit union office damaged by earthquake in Yogyakarta

A total of USD 8,148 was granted to CUCO Indonesia to implement the rehabilitation of credit unions in earthquake stricken Yogyakarta where rebuilding of credit unions was of utmost priority after the relief operation was over. In order to resume the operation, it entailed the construction of emergency offices and securing the credit union accounting systems and members' records. The credit unions will help in providing aid and rebuilding the lives of members turned victims of the disaster.

Thailand:

In Thailand, there has been a higher level of recovery in the past year. ACCU in partnership with Rabobank Foundation provided support of USD 12,995 for the rehabilitation program of CULT. From the beginning, the Thais were blessed with good infrastructure and efficient government coordination. Forty nine members of credit unions whose businesses and properties were washed away by the waves received seed capital from the fund.

Sri Lanka:

ACCU support totaled USD 40,000 for the rehabilitation of 15 credit unions in Kalutara where the rehabilitation package included construction of an office building, 6 months salary for the General Manager and loan funds for microfinance. It will take time to heal the wounds but credit union members have started to move on with credit unions making significant progress in mobilizing fresh capital through savings and shares. The big task for SANASA is supporting the credit unions in re-building their capacity regarding microfinance, in order to open up opportunities for members to start a sustainable business leading to continuous recovery.

The balance of the fund will be used for the rehabilitation of credit unions affected by natural disasters.

demonstrating Asian solidarity

Financial Highlights

The financial statements of the Association of Asian Confederation of Credit Unions were audited by C.K.A. Auditing and Law Firm. The external auditor expressed unqualified opinion stating that the financial statements fairly present the financial position and results of operation in accordance with generally accepted accounting standards.

During the fiscal year, the total Project Fund received from development partners was US\$ _____. The funds were utilized to carry out development programs. The management ensured the proper utilization of resources based on the approved budget. The management also took full advantage of the opportunity for consulting services and high yielding yet secure investments to generate maximum net surplus for the organization. Despite low interest income on investments in the financial market, the income for this year has slightly increased to _____% compared with last year. ACCU Board recognizes the need for ACCU to be sustainable in the long-run and therefore making sure reserve fund is growing to continue its development work even moderate financial support from development partners is received.

SUMMARY OF FINANCIAL POSITION

AS OF JUNE 30, 2006

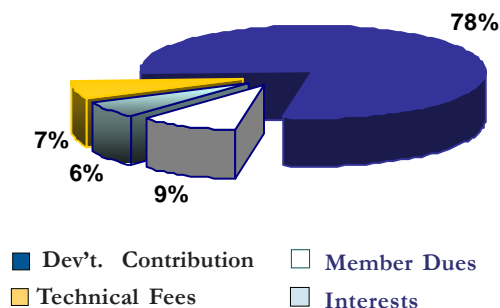
with comparative figures of June 30, 2005

(figures in 000 US Dollars)

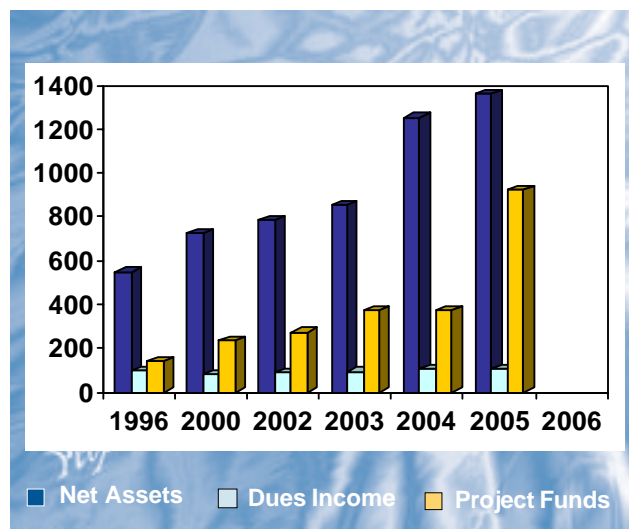
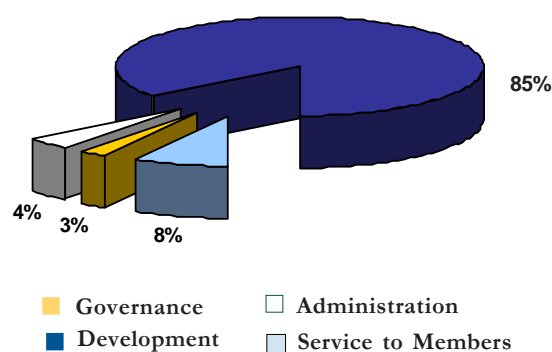
	2006	2005
ASSETS		
Current Assets		
Cash	1,861	1,861
Receivables	37	37
Total Current Assets	1,898	1,898
Property & Equipment (net)		19
Other Assets		3
Total Assets	1,920	1,920
Liabilities:		
Project Fund	283	283
Other Liabilities		275
Total Liabilities	558	558
Fund Balances	1,362	1,362
Total Liabilities & Fund Balances	1,920	1,920

Key Financial Indicators

Revenues in Fiscal year 2005/2006



Expenditures in Fiscal year 2005/2006



Board of Directors 2005/2006

Supachai Srisupaaksorn - President

March 2006

1st Vice-President - September 2004 to February 2006
CULT, Thailand

Dr. M. Letchumanan - Treasurer

WCCS, Malaysia

Michael Koisen, Secretary

September 2005, FESALOS, Papua New Guinea

Ranjith Hettiarachchi

Ex - Officio

Dr. Augustine K. Lim

President - September 2004 to February 2006
NACUFOK, Korea

Walis Pelin

1st Vice-President - March 2006 - April 18, 2008
2nd Vice-President - September 2004 to February 2006
CULROC, Taiwan ROC

Evelyn B. Bautista

Secretary - September 2004 to September 2005
NATCCO, Philippines

Chairmen/Presidents & CEOs of Member Organizations

Jonas Dhaki, Chairman

Ratan F. Costa, General Manager

Cooperative Credit Union League of Bangladesh

Charles Yip Wai-kwong, President

Eliza Leung Shuk-ching, Senior Manager

Credit Union League of Hong Kong

P.M. Sitanggang, President

Abat Elias, SE, CEO

Credit Union Coordination Indonesia

Kazuhiro Okuyama, President

Jun Mera, Managing Director

Japan Credit Union

Oh-man Kwon, Chairman and President

Sung-hee Lee, Chief Executive Officer

National Credit Union Federation of Korea

G. Lahmana, Chairman

R. Gopalsingam, General Manager

Workers Co-operative Credit Society Ltd., Malaysia

Kailash Bhakta Pradhananga, Chairman

Suman Khanal, General Manager

Nepal Federation of Savings and Credit Cooperative Unions Ltd.

Michael Koisen, Chairman

Luke Polangou, General Manager

Federation of Savings and Loan Societies Ltd.,
Papua New Guinea

Dra. Sylvia Flores, Chairperson

David J. Pajaron, Jr., General Manager

Philippine Federation of Credit Cooperatives

Wilfredo Dimamay, Chairman

Cresente C. Paez, Chief Executive Officer

National Confederation of Cooperatives, Philippines

Chuang Chin-Sheng, President

Ko, Yen-Hui, Chief Executive Officer

Credit Union League of the Republic of China, Taiwan

W.A. N. Wanigasekara, President

L.B. Dasanayake, General Manager

Federation of Thrift & Credit Cooperative Societies
Ltd., Sri Lanka

Supachai Srisupaaksorn, President

Sahaphon Sangmek, General Manager

Credit Union League of Thailand Ltd.

Dr. Sawat Saengbangpla, President

Anan Chatruratchewin, General Manager

Federation of Savings and Credit Cooperatives of
Thailand Ltd.

Hoang Dinh Cau, Chairman

Do Manh Hung, General Director

Central People's Credit Fund, Vietnam

ACCU Management Team

Team Members in Thailand Office

Ranjith Hettiarachchi - Chief Executive Officer
Elenita V. San Roque - Manager, Member Service
Porramaphorn Artrit - Secretary/Program
Kulachart Daengdej - Program Assistant
Samorn Toscha - Assistant Admin Officer
Panupong Lunakan - Office Assistant

ALMI Members

Members of the Asian Leaders and Managers Institute (ALMI)

Bill Field – CUFA, Australia
Ratan F. Costa - CCULB, Bangladesh
Songkham Manivong - LPSCU, Lao PDR
M. Annamalai – WCCS, Malaysia
Lecira V. Juarez – CDA, Philippines
Shoba Gunasekaran - TCC, Singapore
Veerayut Ruchirek – CULT, Thailand

Note: Carried out volunteer assignments in 2005-2006

Project Staff

Bangladesh

- Andrew D' Costa – Management & Finance Specialist

Indonesia

- F.X. Ari Setiawan - Overall Project Coordinator
- Chipriana Sukarti - Field Officer, Surakarta Chapter
- Fifto Widodo - Field Officer, Malang Chapter
- Rosalina Susi, SE - Field Officer, Kalimantan Chapter
- Solomon, SH - Field Officer, Kalimantan Chapter
- Isabela da Mino - Project Coordinator, Maumere, Flores Island
- Kosmos Lawa Bagho - Project Coordinator, Ende- Ngada

Nepal

- Shiva Adhikari - Field Officer
- Kuber Niroula – Management & Finance Specialist
- Krishna Kala Tiwari - Business Dev't. Center Assistant

Philippines - PFCCO

- Maribel R. Gulay-Project Coordinator, National
- Herberth Mascarina - Field Officer, National

- Carlos Samson - Management & Finance Specialist - National
- Ana Marie G. Vizcayno - Field Officer, Mindanao

Philippines-NATCCO

- Daisybelle Cabal - Management & Finance Specialist

Sri Lanka

- Hema Amarakoon - Project Coordinator

Vietnam

- Tran Anh Nhat - Project Coordinator, Hung Yen
- Nguyen Dang Hung - Field Officer, Hung Yen
- Nguyen Van Chin – Field Officer, Hung Yen
- Nguyen Thi Binh Minh-Proj.Coordinator, Thai Binh
- Cao Van Ngoan – Project Staff, Thai Binh
- Pham Thanh Long – Project Staff, Thai Binh
- Nguyen The Anh – Project Coordinator, Ha Tay
- Nguyen Xuan Thuy – Project Staff, Ha Tay

Member Organizations

Regular Members



CCULB-Cooperative Credit Union League of Bangladesh Ltd.



CULHK-Credit Union League of Hong Kong



CUCO-Credit Union Coordination of Indonesia Ltd.



JCU-Japan Credit Unions



NACUFOK-National Credit Union Federation of Korea



WCCS-Workers Co-operative Credit Society Ltd., Malaysia



NEFSCUN-Nepal Federation of Savings and Credit Cooperatives Union Ltd.



FESALOS-Federation of Savings and Loan Societies Ltd.-Papua New Guinea



NATCCO-National Confederation of Cooperatives, Philippines



PFCCO-Philippine Federation of Credit Cooperatives



FTCCS-Federation of Thrift and Credit Cooperative Societies, Sri Lanka



CULROC-Credit Union League of the Republic of China, Taiwan



CULT-Credit Union League of Thailand Ltd.



FSCT-Federation of Savings and Credit Cooperatives of Thailand Ltd.



CCF-Central People's Credit Fund Vietnam

Affiliate Members

- **CUFA** - Credit Union Foundation Australia
- **CCSF** - Cambodian Community Savings Federation
- **IRU** - International Raiffeisen Union, Germany
- **DPG** - Development Promotion Group, India
- **MAFCOCS** - Maharashtra State Federation of Cooperative Credit Societies Ltd., India
- **CCC** - Central Credit Cooperative of Iran
- **MAM** - Mol-Al-Movahedin Credit Cooperative, Iran
- **SAACC** - Samen Al Aemeh Credit Cooperative, Iran
- **RILB** - Research Institute of Labour Banks, Japan
- **MACOSCLE** - Mauritius Co-operative Savings and Credit League Ltd.
- **VPMPCS** - Vacoas Popular Multi-Purpose Co-operative Society Ltd., Mauritius
- **MOCCU** - Mongolian Confederation of Credit Unions
- **USC Nepal**
- **CCS** - Catholic Social Services, Pakistan
- **IACUFEZ** - Interregional Association of Credit Unions of the Far East and Zabaikalye, Russia
- **SNCF** - Singapore National Cooperatives Federation, Ltd.
- **CMG** - CUNA Mutual Group, USA

Supporter Members

- **AUSTRALIA**
The NSW Teachers Credit Union
Select Credit Union, Ltd.
Sydney Credit Union, Ltd.
WAW Credit Union Co-operative, Ltd.
- **PAPUA NEW GUINEA**
The PNG Police & State Services Savings & Loan Society Ltd.
- **PHILIPPINES**
Baguio Benguet Community Credit Cooperative
St. Martin of Tours Credit & Development Cooperative
- **THAILAND**
Chumchon Klongjan Credit Union, Ltd.
Soon Klang Thewa Credit Union Cooperative, Ltd.

Development

Development Partners

- Agriterra, the Netherlands
- Canadian Co-operative Association
- Cordaid, the Netherlands
- Rabobank Foundation, the Netherlands

International Affiliations

- World Council of Credit Unions (WOCCU)
- International Co-operative Alliance (ICA)
- International Raiffeisen Union (IRU)

Strategic Partners

- Asia Pacific Rural and Agricultural Credit Association (APRACA)
- Asian Women Cooperative Forum (AWCF)
- Cooperative League of Thailand (CLT)
- Cooperative Promotion Department-Thailand
- Food and Agriculture Office-FAO
- International Cooperative Mutual Insurance Federation (ICMF)
- International Labour Organization (ILO)
- International Network of Alternative Financial Institutions (INAFI)
- Micro Credit Summit Campaign
- Mongolian Cooperative Training Institute
- United Nations-Economic and Social Commission for Asia and the Pacific (UN-ESCAP)
- Vaikunth Mehta National Institute of Co-operative Management, India
- Vietnam Cooperative Alliance (VCA)



Development Projects

Microfinance:

- Credit Union Development in Asia Phase 2 supported by Cordaid, the Netherlands, implemented in the Philippines, Vietnam, Indonesia, and Nepal
- CUMI Phase 2 supported by the Credit Union Foundation Australia (CUFA)/AusAID implemented in the Philippines and Indonesia, completed by June 30, 2006
- Women Empowerment in Credit Unions through Microfinance in partnership with Agriterra, the Netherlands in Indonesia, Nepal and Sri Lanka

Capacity Building of Credit Unions:

- Credit Union Professionalization Project in partnership with the Canadian Co-operative Association (CCA) in Bangladesh, Nepal and the Philippines
- Credit Union Benchmarking Service for Southeast Asia supported by the CCA, a regional and in-country technical assistance to pilot credit unions in Bangladesh, Nepal and the Philippines

Marketing Credit Unions in Developing Movements:

- Credit Union Promotion Program Phase 2 in Laos PDR, training assistance to Cambodia and Mongolia supported by CCA
- The Project on Rural Finance in Cambodia in partnership with Agriterra, the Netherlands.
- Rebuilding credit unions in East Timor supported by CUFA/AusAID
- Credit Union Promotion in Pakistan supported by Rabobank Foundation, the Netherlands

Credit Union Rehabilitation:

- Rehabilitation of Credit Unions affected by Disasters: Tsunami and Earthquake funded ACCU's member organizations

Service Structure

	<i>Core Trade Association</i>	<i>Development & Marketing</i>	<i>Business Support Services</i>
<i>Functions</i>	<ul style="list-style-type: none"> • Advocacy with Government • International Linkage with bilateral organizations • International Cooperative Relations • Research and Economic Analysis • Planning/Democratic Support • Net work & communication • Representation in country and Global • Promotion of Membership 	<ul style="list-style-type: none"> • Operations and Service Support • Standards –Management Tools • Core Product Development & Marketing (Modeling) • Business Development • Strategic Alliances and Joint Ventures • Advanced Level Training Support • Marketing CU in economies in transition 	<ul style="list-style-type: none"> • Planning consulting • Human Resource Consulting • Operations/ Service Consulting • Training Consulting • Market Consulting • Project Management Consulting • New Services support like technology • Fair trade services • Benchmarking
<i>Funding</i>	Membership Dues and Investment Income	Fee-for-Service and Development Partners Financial Contribution	Fee-for-Service
<i>Management</i>	Core Staff and Country Coordinators	Core Staff, Technical Field Staff, Asian Leaders and Managers Institute (ALMI) and hired professionals on assignment basis	Core Staff, Technical Field Staff, Asian Leaders and Managers Institute (ALMI) and hired professionals on assignment basis
<i>Delivery Channels</i>	Nationally through Member Organizations; and Regional Programs	Nationally through Member Organizations; and Regional Programs	Nationally through Member Organizations; Regional Programs; and Locally with member organizations
<i>Recipeints</i>	All Member Organizations	All member organizations and potential members	Member organizations or primary credit unions requiring such service



**ASSOCIATION OF
ASIAN CONFEDERATION OF CREDIT UNIONS**

24 Soi 60 Ramkhamhaeng Road, Bangkok, Bangkok 10240, Thailand

P.O. Box 24-171, Bangkok 10240, Thailand

Telephone: (66) 2 374 3171; (66) 2 374 5101 Fax: (66) 2 374 5321

E-mail: accu@aaccu.coop Website: www.aaccu.coop