

ACCUnews[®]

Quarterly Publication of the Association of Asian Confederation of Credit Unions

April to June 2008

Credit Union



People Helping People



Asian Credit Union CEOs discovering Korean Credit Unions Secret of Success

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 34.9 individual members from 49,176 credit unions in 23 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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Register Now! Early bird by June 15, 2008

ASIAN CREDIT UNION FORUM 2008

- September 25-27

Pre Conference Workshops:

CEO, HRD, YOUTH AND WOMEN

- September 22-24

Dhaka Sheraton Hotel, BANGLADESH

Managing Ethics in Credit Unions

... the right thing to do

On October 30, 2006, NACUFOK has enacted the Code of Ethics for Employees of the Korean Credit Unions as part of the effort for more systematic ethical management. We are happy to share the concepts and objectives of Ethical Management Systems of NACUFOK with the CEOs of ACCU member organizations during their workshop on March 25-28. I believe it has generated enormous awareness building for the CEOs to place highest priority in adopting policy and mechanisms to ensure that ethics are observed and monitored from national federation down to primary credit unions. We can adopt the most sophisticated technology and modern management systems in our organizations; moreover, its efficiency would largely depend on people in our organization.

Credit unions can manage ethics in their workplaces by establishing an ethics management program. Ethics programs convey the credit union values, often using policies to guide decisions and behavior, and can include extensive training and evaluating. Credit union values provide an excellent basis within which to manage the credit unions. Generally, credit union values are taught in seminars but most credit unions have overlooked incorporating them into policies and monitoring systems. Credit unions need more practical tools and information to understand their values and how to manage them.

At the end of the CEOs workshop last March 2008, ACCU management has committed to develop sample policy guidelines on Ethical Management serving as basis of member organizations and their network.

The ethical guidelines are only basis for credit unions. It is important that your entire staff should be involved in developing your core values statement and ethics. Otherwise, it will be empty rhetoric. It will again be another beautiful message on the picture frame. Ethics programs help maintain a moral course in turbulent times. Credit union leaders need a moral compass to help determine what is right and appropriate to the situation.

The emphasis on ethics will sensitize staff and managers to consider how they want to act. Ethics management cultivates teamwork and productivity. Discussion of core values and ethics in the workplace builds openness and community. When employees feel their personal values are clearly aligned with the organization's, they gain motivation and pride. Ethics management supports the personal growth of employees. They can face difficult issues with greater confidence. Ethics programs promote a strong public image. When an organization openly and frequently focuses on ethics, the public senses that it's worthy of trust and support. Most importantly, it's the right thing to do.

In the 2007 Asian Credit Union Forum in Bali, one of the recommendations was the development of Code of Ethics for credit unions. I consider this at the first step. The Code is an important tool of Ethical Management.



ACCU Board of Directors serving until September 2008:

Seated: Mr. Oh-man Kwon, President - NACUFOK, Korea
Standing (L-R) Dr. Sylvia Flores, Secretary - PFCCO, Philippines;
Mr. G. Lahmana, Treasurer - WCCS, Malaysia; Mr. Michael Koisen, 2nd Vice President - FESALOS, Papua New Guinea; Mr. PM. Sitanggang, 1st Vice President - CUCO, Indonesia and Mr. Ranjith Hettiarachchi, Ex Officio Member - Chief Executive Officer

Regional Event

"The biggest asset is the suitable staff; the biggest loss is unsuitable staff," Mr. Lee, Sung-hee, Director of Supervisory Division, NACUFOK

Asian CEOs Inspired by NACUFOK's Achievements

The recently concluded CEOs workshop on March 25-27 in Korea shared the Business Processes of NACUFOK. Attending CEOs were very much inspired of the diligence, discipline and unity of the whole credit union system. Cash Dispensers/ATMs, phone and internet banking, Value Added Network services, PDA Banking and credit cards - NACUFOK has just about everything members would expect from a financial institution.

The management systems spearheaded by NACUFOK are demonstration of endless imagination of innovation and creativity to ensure the safety and soundness of credit unions. On top of the government supervision, NACUFOK has instituted a credit union supervision system that tracks performance of credit unions on

prescribed regulatory standards by law and financial industry best practices. The system is serving as security to safeguard members' interest and uphold public trust. The CEOs have started thinking of creating supervision system alongside Stabilization Fund in their respective credit union movement. In fact, the Depositors' Protection System of NACUFOK has evolved from Stabilization Fund. NATCCO CEO Cresente Paez indicated that the NACUFOK experience had encouraged him. He was very enthusiastic in pursuing the Stabilization Fund and cooperative supervision as self-regulation mechanism for cooperatives in the Philippines.

The Ethical Management in the Korean credit union system is another remarkable achievement. Credit unions are able to manage ethics in their workplaces through

the establishment of Code of Ethics. The ethics programs convey the credit union values, often using policies to guide decisions and behavior, and include extensive training and evaluating.

The Director of Supervisory Division of NACUFOK Mr. Lee, Sung-hee discussed in details the concepts and practices of ethical management in Korean credit unions. Mr. Lee underscored the importance of people's conduct and moral values in contributing towards credit union excellence. "The biggest asset is the suitable staff; the biggest loss is unsuitable staff," underscored Mr. Lee. "The core value of credit union is 'the member'; if we lose members, we lose everything," added Mr. Lee. The CEOs observed these during the credit union visits where courteous staff greet and advice members with passion.





The visual image seen and perceived of Korean credit unions by members and public is exemplary. Credit unions across Korea use a unified corporate logo and signage. The PR and Marketing Team of NACUFOK is responsible for creating a distinct image and conveying the differentiation of credit unions on the eyes of public. Credit union advertisement can be seen among others on TV, airport trolleys, subway stations and buses. The differentiations of credit unions communicated in NACUFOK's marketing campaigns are true to life practices.

To the surprise of CEOs, the 19-storey building of NACUFOK Headquarter in Daejeon City, built over 5,000 sq.m. land with architectural area of 1,830 sq.m. and floor space of 29,300 sq.m. exhibits a market leadership that no other credit union movement in Asia has achieve so far. Housed in the building is the new generation IT system now on testing stage. The IT system will provide real time information from credit unions to NACUFOK.

ACCU organized two CEOs workshop annually, one in conjunction with the Forum and Annual General Meeting of ACCU in September. The CEOs were very grateful to NACUFOK for hosting the March 2008 workshop. "This is a great opportunity for CEOs to realize the potential of working together to achieve larger goals – even enormous goals," said CULT General Manager Sahaphon Sangmek.

The Korean credit union movement is a vision all other Asian countries are looking up to, Sahaphon added. NACUFOK also offered support to any member country wishing to embark on Stabilization Fund, Ethical Management regulation and Credit Union Supervision. These are imminent need according to ACCU CEO Ranjith Hettiarachchi.

NACUFOK now represents 1,007 credit unions with total membership of 4.79 million. The movement assets has grown to 27.4 trillion Korean Won or US\$ 27.4 billion.



*NACUFOK Headquarter
Daejeon City, Korea*

Regional Event

4th South Asian Sub-Regional Workshop *Advocates SACCOS as Vehicle for Sustainable Development*

USC-Nepal continues to demonstrate its commitment to promote savings and credit cooperatives (SACCOS) as sustainable approach to poverty alleviation.



The annual South Asia Sub-Regional Workshop was held on February 6-8 in Dhulikhel, Nepal with the technical assistance of ACCU. International and local NGOs attending the conference realized the role of credit unions in helping members build their wealth making it possible for them to get out of poverty. Remarkably, attendees from Nepal, Bangladesh, Timor Leste, India and Japan (JICA) appreciated the credit union purpose of guiding members achieve financial independence.

Participants visited Bindahbhashini SACCOS (BISCOL), a clear demonstration of the real practice of helping members improve their economic and social lives through the services it provides. BISCOL offers financial services to low-income women. It has 4,000 members; 49% are women. Mr. Shree Ram Shrestha, the Director of USC Nepal underscored his organization's commitment to promote SACCOS as vehicle for sustainable development of people. The sub-regional workshop is a platform to share SACCOS' best practices to motivate INGOs/NGOs to use it as their program strategy.



Bindahbhashini SACCOS opened up opportunity to these women





Member Event

Participants congratulate Mr. Supachai Srisupaaksorn (middle) on the awarding of the National Cooperator Award bestowed to him on the occasion of Thai Cooperative Day, February 26 at the Cooperative League of Thailand.

2nd CULT Exposure Program

CULT shares experience on Business Development Center

Eight countries (Indonesia, Korea, Malaysia, Mongolia, Nepal, Philippines, Sri Lanka and Thailand) are represented at the 2nd CULT Exposure on Credit Unions Development through Business Development Center (BDC) held on February 21-27 in Bangkok, Thailand. Twenty-six participants enjoyed the renowned Thai hospitality while learning the operation of BDC in supporting the sustainability of members engaged in small businesses.

ACCU was pleased to impart the concept of BDC as providing capital for enterprises; education and developing habit of thrift would not guarantee members' sustainability. Equally important is the provision of support through BDCs to help members engage in demand driven and high quality products/services, and connect them to the market. Ranjith pointed out that BDC is not opening a store where the federation or credit union becomes the marketing arm of their member-producer. He made it clear that BDC serves

as facilitator for members to obtain market information, develop skills and product quality, market linkages.

CULT joins CULROC and NACUFOK in providing learning opportunity to ACCU member organizations. The General Manager, Mr. Sahaphon Sangmek said CULT recognizes the importance of sharing experiences with other countries. As an advance planning, Sahaphon indicated that the Youth Marketing Program might be the highlight for next year's exposure.

In coordination with ACCU and AWCF, CULT organizes the exposure program in conjunction with the celebration of the Thai Cooperative Day on February 26. Participants were able to witness how the celebration of cooperative day in Thailand. CULT was elated to have their past President and leader as the recipient of the National Cooperator of 2008, Mr. Supachai Srisupaaksorn.



Member Events

Timor Leste

Reaching Out Timor Leste, a country where Credit Unions are Needed Most



The action goes on in Timor Leste just barely one and a half month after ACCU had carried out its fact-finding mission on December 14-23, 2007. This time, ACCU and the Credit Union Foundation Australia (CUFA) supported a 6 day workshop [February 4-9] that tackled on financial management, PEARLS Analysis and business planning. Fifty-four (54) participants from thirteen (13) credit unions attended the workshop.

I am very thankful to ACCU for giving me and Ms. Tutuk Ekawati [Asian Leaders/Managers Institute members] a chance to share our time and knowledge in developing credit unions in Timor Leste in this February mission. Credit union is not new in Timor Leste. The people recognize that they are owners of credit union – this makes a big difference with MFIs. The **Hon. Minister Papitu Monte Ero**, State Secretary on Rural Development &

Cooperatives, Ministry of Economic Development and Mr. Bonifacio Correia, Director, DNCOOP, Ministry of Economic Development strongly declared at the opening program, the commitment of the government to provide both financial and technical assistance to the credit union movement.

The credit unions are still very weak in terms of institutional framework and human resources warranting its sustainability. I could see an increase in the participants' confidence barometer after our sharing of successful credit unions in Thailand and Indonesia. I think they need a lot of motivation and inspiration to believe that they can rebuild credit unions, rebuild their lives and their communities. Although a bit challenging, we were able to adjust the topic methodologies, particularly on PEARLS, to suit the participants' educational background.

A new wave of cooperation between ACCU, DNCOOP and the Ministry of Cooperatives is underway, said the ACCU CEO Mr. Ranjith Hettiarachchi. An urgent need to support the growth and prudent operation of the 13 existing credit unions is necessary simultaneously with the building of the institutional capacity of the Federation. ACCU is doing a challenging work of reaching countries where credit unions are needed most like Timor Leste, Laos, and Cambodia.

In my nine days stay in Timor Leste, I realized that almost all the people I met were very eager to learn new things; I assume this could also be true in other developing countries. They asked many questions about Thai culture besides credit unions. It was a great experience!

By: Veerayut Ruchirek, Development Educator and ALMI Member.



Minister



Permanent Secretary



Officers of Cooperative Department in Nepal Hone Skills on PEARLS

ACCU and the Department of Cooperatives (DOC) of Nepal organized training on the Monitoring and Supervision of SACCOS on February 10-11 in Kathmandu. Sixty officers of the DOC were trained on PEARLS monitoring system developed by WOCCU.

DOC Registrar, Mr. Tanka Mani Sharma issued a circular stating that all SACCOS should use PEARLS as its monitoring tool. Speaking at the closing program, Mr. Sharma was happy of the outcome of training; nevertheless, he emphasized the importance of continuously sharpening the skills of the DOC officers on PEARLS for the effective supervision of SACCOS. The participants came up with policy recommendations to DOC - all vital to the improvement of financial management, governance, human resource development, risk management and prudential standards for SACCOS. Mr. Sharma again convened the officers on February 12 to refine the recommendations that will serve as input for future amendments of the cooperative law.

The training was very well supported by the Minister of Agriculture and Cooperatives and the Permanent Secretary who graced the opening and closing programs. The Minister saw the important role of SACCOS in developing rural communities where people can have a safe place to deposit their money and gain access to affordable financial services.

Mr. Sharma, after attending the 2007 Regulators Conference also incorporated the establishment of Stabilization Fund and advocacy for a separate Credit Union Law in the 3-year plan of the department.

Member Events

BOARD ORIENTATION SESSION

Strong SACCOS, Strong NEFSCUN



ACCU assisted the newly elected Board of Directors of NEFSCUN in reviewing the achievements of Nepal Savings and Credit Cooperative (SACCOS) Movement on February 5 to 6. The Board recognized the need for SACCOS to build its capacity to achieve growth in membership and capital. Building the competence of SACCOS through the services it provides is the vital role of NEFSCUN. The workshop identified the lacking management tools (policies/procedures) for NEFSCUN. The workshop also defined the Strategic Plan that addresses various issues on membership and services to SACCOS.

The newly elected Chairman, Mr. Min Raj Kadel and the newly appointed CEO, Mr. Ram Prasad Dhakal have enormous optimism in increasing the members of NEFSCUN. Mr. Dhakal estimated the registered SACCOS at 3,500; 400 of which are members of NEFSCUN.

Member Events

FSCT Grants CU Development Fund to Luang Prabang Savings & Credit Cooperative



(L-R) Mr. Songkham Manivong, LPSCU President and ACCU Program Assistant Mr. Kamon Kiattisirikumpon in a training program in Lao PDR

Luang Prabang SCU received US\$ 1,700 grant fund from the Federation of Savings and Credit Cooperatives of Thailand (FSCT) to conduct in-house financial management training for its Board, Committees and Staff. The training is anticipated to increase the knowledge and skills of leaders and management to warrant the safety and soundness of LPSCU's operation. ACCU will assist LPSCU in organizing the training cum exposure program in Chiangrai and Chiangmai, Thailand on May 12-15, 2008. "We are very grateful to FSCT for the opportunity to sharpen our skills in managing our growing credit union," said Mr. Manivong Songkham, LPSCU President.

Through ACCU, FSCT annually offers grant fund to desirable credit unions in developing countries. For 2008, FSCT allocated funding of Baht 200,000 (US\$ 6,250) for two cooperative projects in Indochina countries such as Laos, Cambodia, Myanmar and Vietnam. The projects funded by FSCT are those that contribute to the preservation of environment within community, development of women and youth, and innovative activities consequently benefiting cooperative members and community as a whole.

The program is FSCT's demonstration of the principle of 'cooperation among cooperatives.' FSCT is the second largest credit union movement in Asia. It has a total membership of 858 savings and credit cooperatives with 2.1 million members and total movement assets of US\$ 22 Million. FSCT is set to move to its newly built state of the art headquarter this year.

Growing Youthbee Savers in CCSF Network



Youthbee Savers of Eak Phnom Village Bank, a member of Cambodian Community Savings Federation (CCSF) in Battambang proudly wear their Youthbee shirts. CCSF is advocating the value of savings and financial discipline among youngsters and their parents. CCSF has succeeded savings mobilization in a credit driven MF environment in Cambodia.



SANASA Dev't. Bank & Consumers CU among the World's Top 50 Microfinance Organizations

Russia's Consumers Credit Union 'Economic Partnership' ranks number 11 while the SANASA Development Bank of Sri Lanka ranks number 50 in the Dec.2007 survey of Forbes Magazine of the World's Top Microfinance Organizations.

According to Forbes Magazine, its first-ever list of the World's Top 50 Microfinance Institutions were chosen from a field of 641 micro-credit providers. The list was prepared by the Microfinance Information Exchange (www.themix.org) under the direction of Forbes magazine. To qualify, the institutions must have made available their audited financials and must have passed review by a Forbes panel of advisers.

The ranking (out of 641) for the top institutions were based on the size of their gross loan portfolio; efficiency, which considers operating expense and the cost per borrower as a percent of the gross national income per capita of their country of operation; risk, which looks at the

quality of their loan portfolios, measured as the percent of the portfolio at risk greater than 30 days; and return, which is measured as a combination of return on equity and return on assets. Each category is equally weighted for an institution's overall ranking.

Consumers Credit Union is a member of the Interregional Association of Credit Unions of the Far East and Zabaikalye, an affiliate member of ACCU. The credit union also receives support from ACCU to enhance its microfinance program through AFCUD. On the other hand, SANASA Development Bank is established by credit unions in Sri Lanka as the arm of the SANASA Group for financial intermediation. SANASA is the largest community based financial institution providing poor access to affordable financial services.

ASA of Bangladesh ranks no. 1 microfinance institution in the world. Participants to the Asian CU Forum 2008 in Bangladesh will have the opportunity to discover the secrets of success of ASA.

Member Events

Members' Educational Events & General Meetings

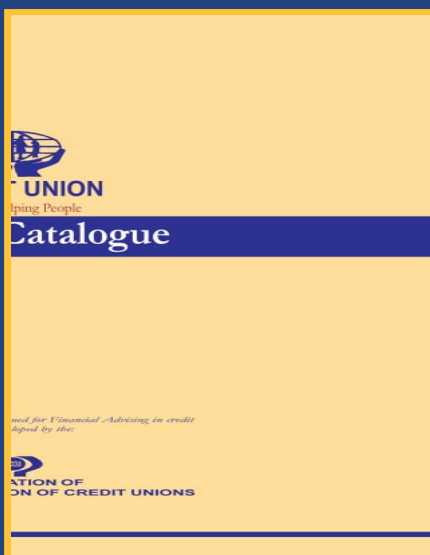
April 23 - 25 - Philippine Federation of Credit Cooperatives (PFCCO) 48th Educational Forum on Creating Credit Union Superior Value and AGM

April 24 -26 - Credit Union League of Thailand (CULT) Open Forum and AGM

May 22-24 - National Confederation of Cooperatives (NATCCO) - Youth & Women Workshop, 9th National Congress on Empowering Cooperatives Through Information Technology and 31st AGM

June 14 - Federation of Savings and Credit Cooperatives of Thailand AGM

June 19-20 - Interregional Association of Credit Unions of the Far East and Zabaikalye - International Conference on Microfinance for Small Business in Russia



Credit Union Product Catalogue, a New Solution

The Credit Union Product Catalogue provides guidance to credit unions in developing their own package of financial products according to the diversity of members' financial needs. The catalogue attempts to demonstrate the products as solutions to members' financial problems. The catalogue will serve as the most important tool for credit union front liners in providing financial counseling services to their members. ACCU has seen the lack of tools and guidance for credit unions in responding to members needs and managing credit union prudently and professionally. The catalogue will form part of the series of solutions ACCU is building up for the Asian credit unions. The catalogue will be further developed based on the inputs of ACCU members. Central to ACCU's role is an endless imagination of technical and management innovation to keep the credit union relevance.

TIMETABLE

22nd NACUFOK Exposure Program

Attendees will learn the secrets of success of the credit union system in Korea. The program is organized by the National Credit Union Federation of Korea (NACUFOK).

When: April 28-May 3, 2008

Where: Daejeon, Korea

Asian Development Education Workshop

The DE program also seeks to promote personal development of advocates for the credit union system. ACCU believes that developing a core group of credit union people for ongoing commitment to credit union advocacy and community development is a prime role of the confederation. Asian Development Educators are actively involved in the development work ACCU is carrying out in the region.

When: June 13-18, 2008

Where: Dynasty Hotel, Bangkok, Thailand

Application closes: May 15, 2008

Credit Union CEOs Competency Course

CUCCC is a course that represents an invitation and challenge to open the CEO's mind to the wide ranging responsibilities involved in operating credit unions in the changing landscape. recognizes the competencies needed by CEOs to move the credit union performance from "ordinary" to "exceptional" by exploring change from an organizational, personal and strategic perspective.

When: June 12-19, 2008

Where: Dynasty Hotel, Bangkok, Thailand

Application closes May 15, 2008

UPCOMING:

Secure Your Seat ! Register now . . .

WOCCU's World Credit Union Conference

When: July 13 - 16, 2008

Where: Hong Kong

Register at:

www.woccu.org/HongKong08

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