

# CANADA'S CREDIT UNION SYSTEM

Gary Rogers  
Vice President, Financial Policy  
September, 2007



Credit Union  
Central of Canada

Asian Credit Union Forum 2007

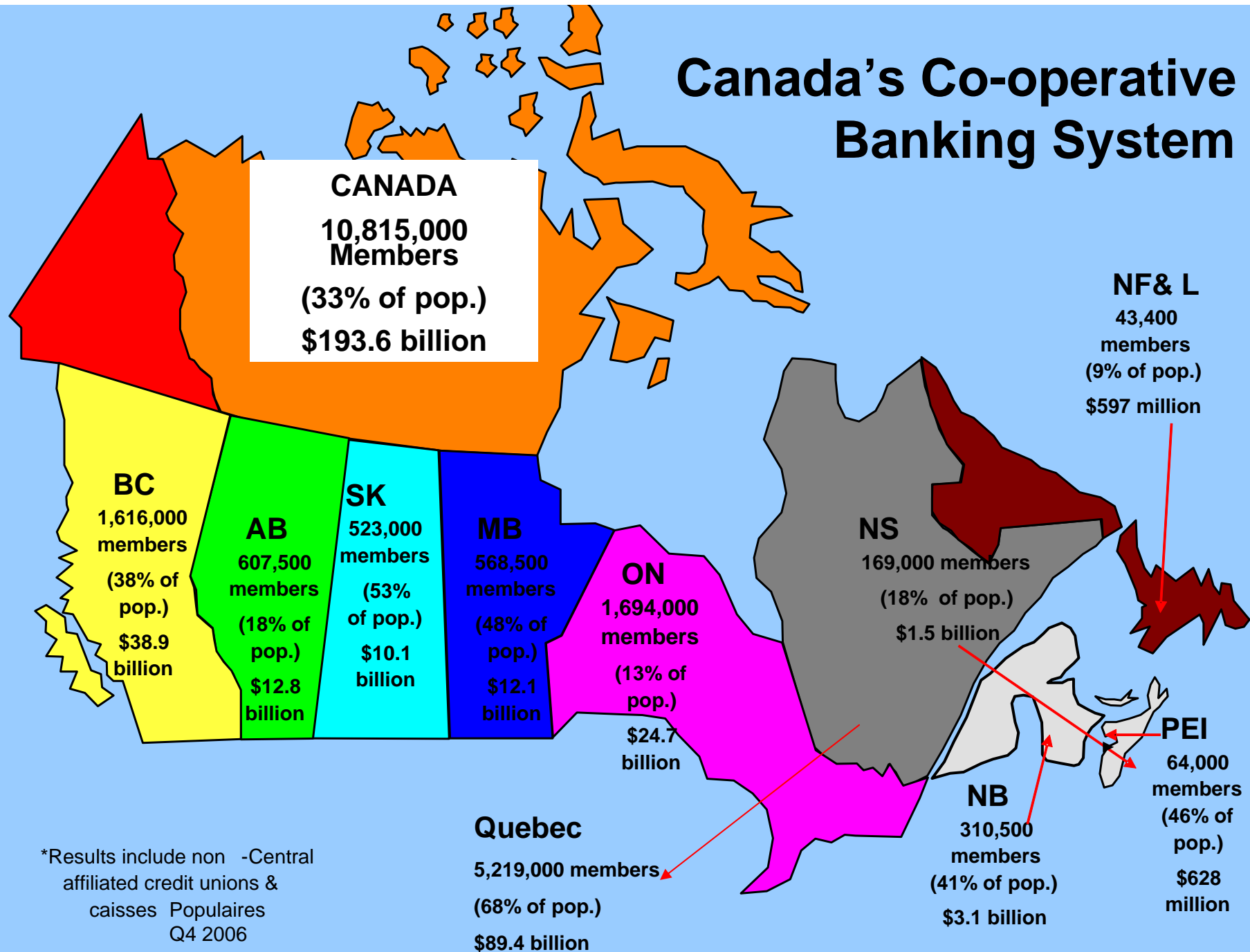
# Agenda

- Canada's credit union system – structure, size and role
- Role of Canadian Central
  - Voice
  - Forum
  - Services
- Challenges

## Structure

- Two credit union movements in Canada
- Credit Union Central of Canada
  - 498 credit unions
  - 9 provincial Centrals and one Federation own and belong to the National Central
- Desjardins caisses populaires
  - 530 caisses own and belong to the Fédération des Caisses Desjardins

# Canada's Co-operative Banking System



\*Results include non -Central  
affiliated credit unions &  
caisses Populaires  
Q4 2006

# Three Tier Organization



## **Local Credit Unions**

498 credit unions/caisses populaires  
1,783 locations  
4,990,500 members

## **9 Provincial Centrals & 1 Federation**

## **National Co-operatives:**

- **Credit Union Central of Canada**
  - CUSOURCE® Credit Union Knowledge Network
- **The Co-operators**
- **Credential Financial**
- **The CUMIS Group**
- **Concentra Financial**
- The Ethical Funds Company

## Financial Services Sector

### Domestic Banks/CUs/CPs

Total Domestic Assets 2006 (in \$billions)

RBC	\$276.1
TD	\$255.9
Scotiabank	\$230.3
CIBC	\$226.6
BMO	\$204.5
<b>Caisses Populaires</b>	<b>\$ 98.6</b>
National Bank of Canada	\$ 96.2
<b>Credit Unions</b>	<b>\$ 95.0</b>
Laurentian Bank	\$ 17.1
Canadian Western Bank	\$ 7.2

•Note: Figures for the banks represent domestic assets only. Source: 2006 Annual Reports, CBA, OSFI

## Core Markets National Market Share

- Residential Mortgages 9.6%
- Deposits 8.2%
- Personal Loans 5.1%
- Assets 6.9%

## Canada's Credit Unions

- National presence
- Community focused
- Democratic governance vs Share governance
- Full-service financial institutions



## Credit Union Central of Canada

- National Trade Association
  - National Voice
  - National Forum
  - National Services
- Financial liquidity among provincial systems
- 50 staff in Toronto and Ottawa offices

## Canadian Central : Voice

- National trade association – lobbies federal government and provides system views on policies
- Representation to the payments system
- Links to other financial institutions
- Communicates to national news media

## The Credit Union Difference

- Community-based and focused
- Democratic structure
- Put members first

## Governments

- Determine business powers
- Oversee CU deposit guarantee program
- Monitor performance through consumer protection

## Canada's Regulatory Structure

- 10 Provincial governments regulate credit unions in their provinces
- Federal government regulates banks
- Federal government regulates Canadian Central and some provincial centrals

## Canada's Regulatory Structure

- Credit Unions are chartered provincially and may only operate within provincial boundaries
- Provincial Centrals lobby provincial politicians and regulators to maintain a viable regulatory framework
- Canadian Central lobbies federal government re: taxation, money laundering, privacy, etc.

## Community Involvement

- Credit Unions are community organizations
- Contribute time and money
- \$31.6 million in 2005
- Growing role of Community Social Responsibility

## Canadian Central : Forum

- National committees
- National conferences
- Discussions on strategic directions
- Deposit insurance and stabilization funds



## Canadian Central : Services

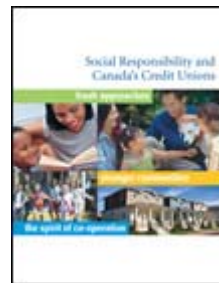
- Links to national payments system
- Responsible for national liquidity pool
- Source of marketing/image materials
- Training
- Group purchasing

# Credit Union Central of Canada

## **Current Payments Projects**

- Migration to chip cards
- Coordinating cheque imaging project

# CANADA'S CREDIT UNION SYSTEM



## Member Marketing Materials Year-At-A-Glance Catalogue

# 2007



- Multiple creative options
- New online order process

- Competitive pricing
- Personalization of materials

- Complete customization of materials
- Custom small print runs

## CANADA'S CREDIT UNION SYSTEM



BECAUSE  
BUSINESS OWNERS  
HAVE BABIES...

Commercial loans and mortgages | Operating lines | Current accounts  
On-line services | Smart people who return phone calls

### BUSINESS IS BANKING AT CANADA'S CREDIT UNIONS

because entrepreneurs come in odd sizes  
because life is what you work for  
because formulas don't replace thinking  
because there are good days and bad days  
because respect makes you rich inside

Canada's credit unions offer business banking in all shapes and sizes. Operating lines, mortgages, accessible expertise, on-line services, big loans and small. So what's the difference? We also offer understanding, flexibility and responsiveness. So no matter how fuzzy the lines get between business ongoing and life happening, you won't have to figure it out alone just because you're on your own. WE'RE OPEN – ARE YOU?

**WWW.CanadasCreditUnions.com**

Experience the difference shared thinking makes by visiting our NEW network of entrepreneurs and financial experts.

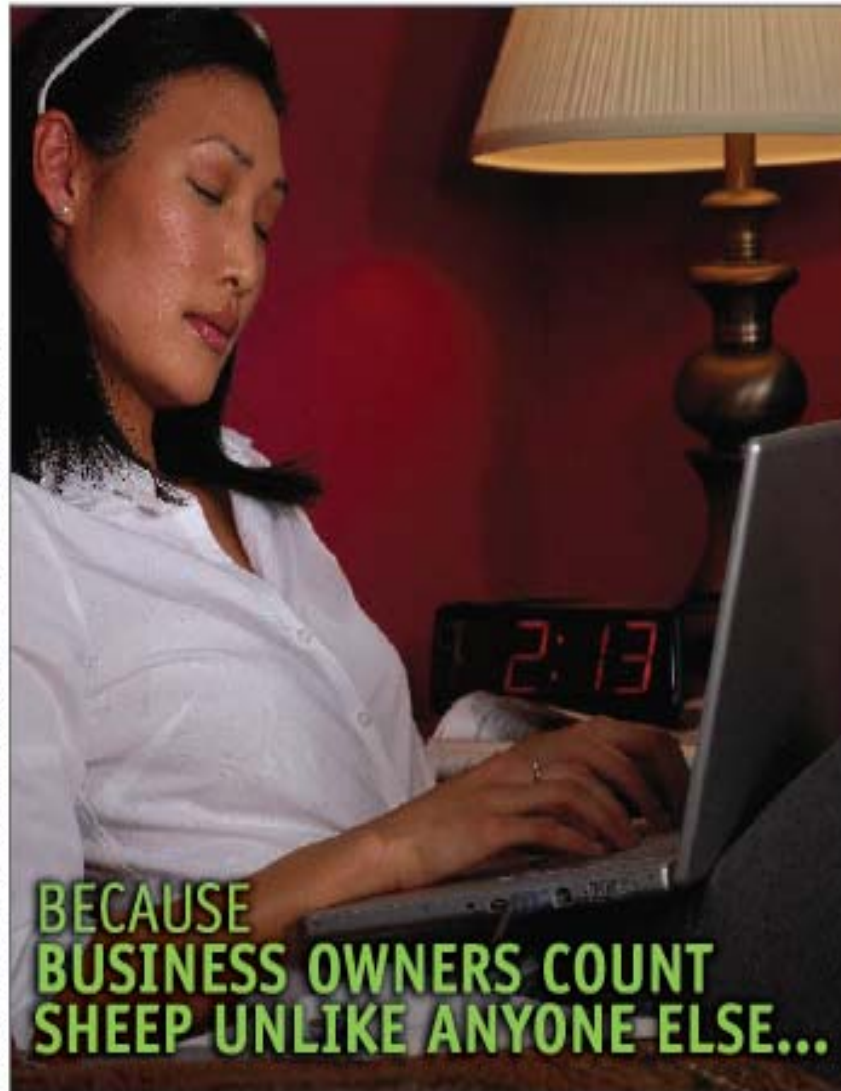
it's **WHO** you know.

business banking @ CANADA'S CREDIT UNIONS





## CANADA'S CREDIT UNION SYSTEM



BECAUSE  
BUSINESS OWNERS COUNT  
SHEEP UNLIKE ANYONE ELSE...

Commercial loans and mortgages | Operating lines | Current accounts  
On-line services | Smart people who return phone calls

### BUSINESS IS BANKING AT CANADA'S CREDIT UNIONS

because red tape is for gift-wrapping  
because crunch times are inevitable  
because 24/7 is a tired cliché  
because technology is better with humans attached  
because a nimble giant is an oxymoron

Credit unions offer business banking in real time. That includes operating lines, commercial mortgages, current accounts, loans, and a twist: the expert who serves you has more say in the decisions that impact you. That can mean more latitude, faster answers. You'll certainly have fewer sleepless nights, knowing you don't have to figure it out alone just because you're on your own. **WE'RE OPEN – ARE YOU?**

[WWW.CanadasCreditUnions.com](http://WWW.CanadasCreditUnions.com)

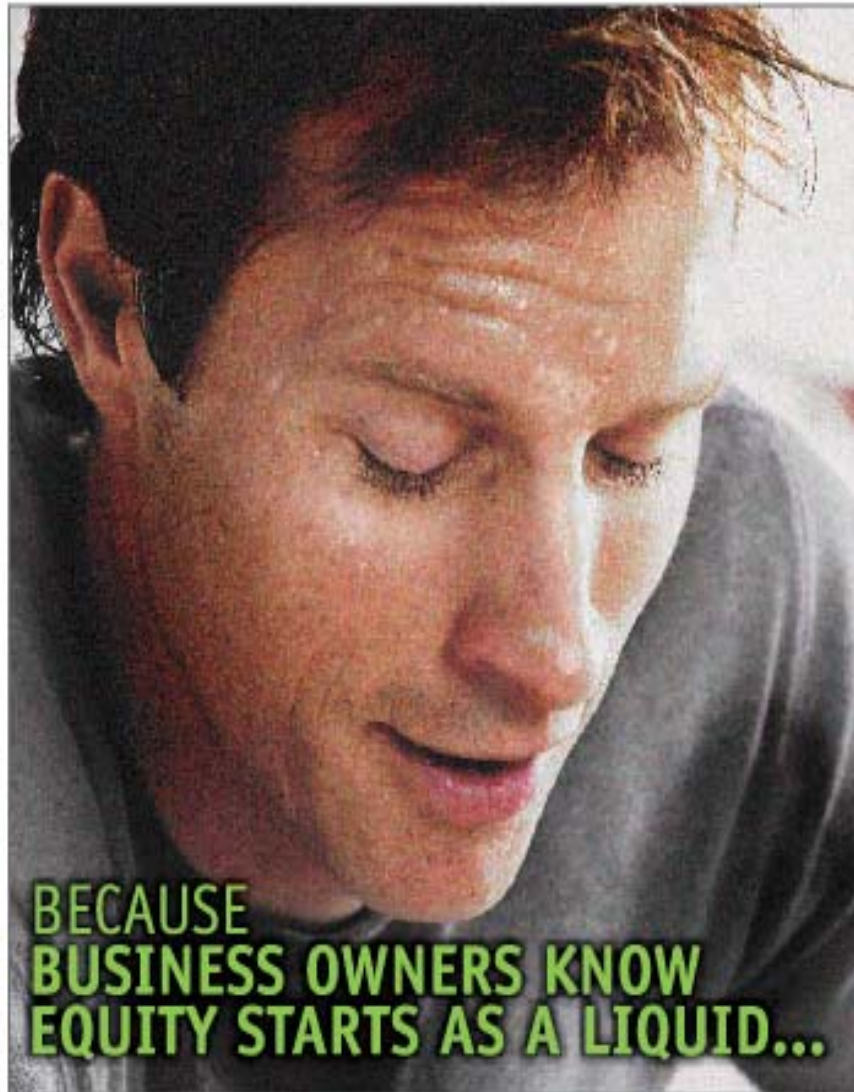
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## CANADA'S CREDIT UNION SYSTEM



**BECAUSE  
BUSINESS OWNERS KNOW  
EQUITY STARTS AS A LIQUID...**

Commercial loans and mortgages | Operating lines | Current accounts  
On-line services | Smart people who return phone calls

### **BUSINESS IS BANKING AT CANADA'S CREDIT UNIONS**

because no isn't the only answer  
because dirt washes off before dinner  
because money is the means, not the end  
because assets often have legs  
because profit comes in all sizes

Credit unions offer business banking that is open-minded. So whether you get a mortgage or an operating line, a loan or on-line accounts, here's the radical part: size, age, global or local, colour of hair – who cares? What matters is a smart plan and real ideas – what matters is finding answers, together. Because at a credit union, you don't have to figure it out alone just because you're on your own. **WE'RE OPEN – ARE YOU?**

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it's **WHO** you know.

**business banking @ CANADA'S CREDIT UNIONS**



## CUSOURCE Credit Union Knowledge Network

- National training and education
- On-line and in person
- Courses for staff and directors
- More than 12,000 subscribers



“About 70% of the world’s 1,000 top tier companies cite lack of trained employees as their number one barrier to sustaining growth.”

*PricewaterhouseCoopers (2001)*

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## **In 2002, the Canadian credit union system decided to:**

- Make training a priority
  - Improve the quality of the training
  - Cooperate and reduce duplication
  - Leverage technology
-

## **Value to the Canadian credit union system:**

***CUSOURCE* exists to provide credit unions, cooperative partners and their members with courses and tools to assist them in their training and development needs through a variety of delivery options.**

# Business Model

***CUSOURCE*** received “start-up” financing from the system.

***CUSOURCE*** must be cost recoverable and therefore operates a user-pay model.

***CUSOURCE*** must repay the “start up” financing.

## **Courses:**

- **Classroom**
- **E-Learning**
- **Correspondence**

## **Tools:**

- **Learning Management Tools**
- **Performance Management Tools**

# What are we known for?

- ✓ **Teller Training**
- ✓ **Lender Training**
- ✓ **Risk Management Training**
- ✓ **Sales and Service Training**
- ✓ **Management Training**
- ✓ **Director Training**

**[WWW.CUSOURCE.CA](http://WWW.CUSOURCE.CA)**

**A look inside.....**

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KNOWLEDGE NETWORK COURSE CATALOGUE CUIC GETTING STARTED ABOUT US FAQs IN TOUCH NEWSLETTER



#### Learning Management System

User ID:  Password:  [Login](#)

Need to Register? [Click Here](#)

Forgot Login/Password? [Click Here](#)

[Click to join iMeeting](#)

## A new way of learning

The CUSOURCE® Credit Union Knowledge Network is a gateway to the best of credit union learning and innovative knowledge sharing. Delivered through proven technology, CUSOURCE provides access to a variety of learning vehicles, knowledge sharing and management tools, both online and in the classroom.

## Having Problems?

### News & Events

- **Don't wait until September to enroll in a Fall Cohort.**  
Guarantee your spot by enrolling today and be ready for the Fall session.
- **Enroll today in the Supervisor Orientation to Sales & Service Accreditation Program fall sessions and get prepared to coach your employees through their accreditation process.**  
[Click here for full details](#)
- **CUSOURCE® Credit Union Knowledge Network Releases New Course on Debit Cards.**



Welcome,  
Cheryl Byrne

## Knowledge Search

  
Advanced Search

## Personal Development

Catalogue  
My Learning Plan  
Discussion Groups

## Inbox

## What's New

2006 in Touch Spring 2006  
2006 6 Secrets to Attracting and Retaining  
Great Employees  
2006 Assignment Information  
2006 CUIC Site and Proctor Criteria  
2006 CUIC 2006 Calendar  
[more...](#)

## What's Popular

2004 Sample Exams (UID: testexam Pwd:  
cuicexams)  
2003 eMentor  
2003 4 - Student E-learning Training Course  
2004 CU00-210: Credit Union Consumer and  
Residential Mortgage Lending  
2004 Exam Registration Instructions -  
Managers  
[more...](#)

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The Course Catalogue  
provides convenient access  
to all of the courses and  
programs offered through  
CUSOURCE®.





Commercial  
Lending

Objectives

Definition

Forms

**Module 1 : Objectives**

In the *Introduction to Commercial Lending* module, you will learn to:

- Define commercial loan.
- List the three forms of business ownership.
- Describe the franchise concept.
- Explain the commercial lending process.
- Distinguish between the concept of ability to pay and the ability to provide collateral.
- Explain the impact of economic conditions on loan repayment ability.
- List the eight Cs of commercial lending.
- State the three cornerstones of credit.
- Explain the general objectives of a commercial loan portfolio.

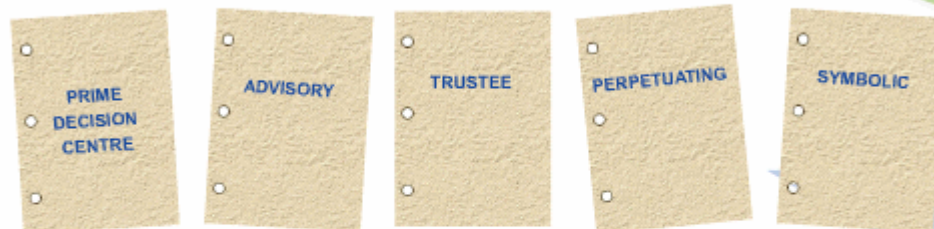
**Module 1** Stop Audio Read Script



The board has five functions:

- Prime decision centre function
- Advisory function
- Trustee function
- Perpetuating function, and
- Symbolic function

Hide Text



▶ replay

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# Future Possibilities ?

- Expanded knowledge sharing
- Increased affiliations with Universities
- Additional performance management tools

## Challenges over the next few years

- Competitive business environment
- Technology
- System restructuring
- Demographic changes
- Regulatory or political activities

# Thank You!

# Questions?



**Credit Union  
Central of Canada**

**ACCU CEOs WORKSHOP**