Enterprise and Cooperative
Development Department

Poverty-oriented
Banking

Working paper
No. 14

The effects of using credit unions as onlending agents for external lines of credit: The experience of the International Credit Union Movement

Kelly J. Morris

International Labour Office Geneva

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I. Background

A. The World Council of Credit Unions

The World Council of Credit Unions (WOCCU) is the international trade association of credit unions (savings and credit cooperatives) and similar cooperative financial institutions. Its members are credit union confederations and free-standing leagues. It represents more than 100 million members in more than 90 countries worldwide. Its functions are to represent the international credit union movement to international governmental and non-governmental organizations, and to serve as a venue for communication and coordination between different institutions of the movement. The elected leadership of WOCCU has assembled a technical staff and charged it with the responsibility of helping to extend the benefits of credit union membership to men and women in countries and regions where credit unions have not existed to date. In addition, WOCCU's staff in partnership with credit union confederations and federations provides assistance to developing credit unions so that they may benefit from over 100 years cumulative experience of the credit union movement and avoid some of the pitfalls that others have encountered previously.

B. Credit union operating principles[1]

Credit unions have proved on countless occasions that they can be adapted to the special needs of different population groups, to different cultures, languages, and religions, as well as to different legal, political, and economic systems, without compromising basic credit union operating principles,[2] like commitment to democratic structure and functioning, to the achievement of social goals, and especially to service to members.

Credit union services are directed to improve the economic and social well-being of all members. A safe place to save and fair remuneration of deposits, the provision of loans and other financial services, and the equitable distribution of surplus revenues are fundamental services of credit unions. A prime concern of the credit union is to build the financial strength, including adequate reserves and internal controls, that will ensure continued service to membership (Credit union operating principles).

C. Member ownership

Credit unions differ from most other financial institutions in that they are not only run by their members, they are also owned by their members. This distinction is an important one. Credit unions have achieved an impressive track record in serving the needs of their members. They have proved that, even in the poorest of countries, there are substantial amounts of savings that can be mobilized and monetarized to the benefit of family, local, and national economies.

Many observers from outside the credit union movement — governments, international organizations, donors, and NGOs — assume that credit union success is principally in credit administration and stems solely from the physical and social proximity of the credit union to its members, and from the economies achieved by simple organization, by modest physical infrastructure and materials, and especially by volunteer management. While these factors are certainly extremely important to credit unions' success, it is a mistake to relegate member ownership to a secondary position. Members repay their loans not only because of social pressure but also because the money they are repaying is their own and that of their neighbours, not the money of those who are external to their community. They know that, if they do not repay their loans, in the future there may be no money at the credit union to borrow. Members own the institution's structure and the money that permits it to function. In addition to repaying their loans, if they do not continue to save regularly, the pool of money available for loans will stagnate. They want financial services in order to improve their lives, not just to survive or subsist. Savings must grow in order to achieve this goal.

D. Strategies for growth

Figure 1: Credit Union Members (1972-1992)

Because growth is key to the ability of credit unions and the credit union system to provide services to its members, credit union institutions and their external partners have tried to identify the means for promoting and accelerating growth. Credit union members and potential ones in developing and transitional economies, it was reasoned, should be able to benefit from the cumulative experience of credit unions worldwide. By adopting policies and practices that work and avoiding those that do not, developing credit unions can grow at a faster pace. The credit union system and its partners have collaborated to accomplish this through the provision of technical assistance and institutional support. In doing so, they have often sought to simultaneously increase the capacity of national federations and regional confederations to provide ongoing services to credit unions.

This practice has resulted in considerable achievements. In little more than a century, credit unions have spread from their point of origin in Europe to all the continents of the world. Much of this growth has been concentrated in the last twenty to thirty years. Yet, if this approach has its fundamental strengths and successes, it is not without its limits and weak-nesses. Growth has been impressive indeed, when compared to previous indicators. When compared to the need for credit unions and the potential for growth, the achievements are less consistently high from country to country. In some countries, both developed and developing, penetration rates of 25 to 50 per cent have been attained. In many others, the rate is far lower. Although there are a few notable exceptions, penetration rates for most African credit union movements rarely exceed the 1.5 to 2 per cent level. The end result of credit unions' slow expansion is often that large segments of the populations in developing and transitional economies remain unserved by any formal financial institution at all. (See Appendix A)

Figure 2: Savings vs. Loans (1972-1992)

In a number of countries, particularly in Asia, some credit-driven banks targeting the rural poor are serving far greater numbers of persons than are credit unions. At least in the near term, they are doing so successfully and with high loan repayment rates (although savings deposits are only at a token level).

Not the least of the weaknesses plaguing the approach of assisting credit unions by and through reinforcing federations and confederations is the unfortunate tendency for these structures to become large, bureaucratic, and self-perpetuating. These structures can easily become too removed from the credit unions which own them and which they are called upon to serve. The result is they do not make the contributions to growth, safety, and soundness for which they exist, and in the worst case, may even undermine the process. Furthermore, even in the best of scenarios, it is increasingly unlikely that donors and partners can commit funding to long-term development of technical and financial self-sufficiency in these institutions as has been the case in the past.

Credit union institutions are currently fine-tuning their approach by re-emphasizing direct partnerships with primary societies which are qualified by previous performance and willing to adopt growth-stimulating policies and practices. While this adjustment is intended and expected to improve results and help to bring credit union participation to greater numbers of men and women, other complementary initiatives will also be required in order to achieve the desired outcomes. Among the approaches which remain under consideration is the use of credit unions as conduits for external lines of credit.

II. Problem definition

A. External lines of credit

A number of bi-lateral donors and international organizations and national governments have made lines of credit available to credit unions over the past thirty years. Over time the results of this kind of assistance have generally been unsatisfactory for both credit unions and the partners involved, primarily for two reasons:

1. Credit unions have not obtained the stimulus to growth that they hoped to obtain. The availability of credit alone has not stimulated savings growth. In fact, savings have often stagnated when credit was made possible by external sources of funds. Loan repayment rates have not improved under these circumstances and are more likely to have deteriorated. Credit unions and their institutions have generally not been strengthened by this approach.

2. Partners have not often observed the economic growth in general and in targeted sectors of the economy that were intended. After the mass failure of development banks and/or agricultural credit banks, credit unions have rarely been able to take over the administration of annual crop loans on a national scale, obtain high repayment rates, and attain crop production targets as intended by some donors and governments. Channeling targeted lines of credit to promote a particular crop or introduce a new one, to promote small or micro-enterprise, or to benefit women has not necessarily been successful.

B. Some causes of unsatisfactory experiences

If the general dissatisfaction with the use of credit unions as conduits for external lines of credit is not difficult to discern, neither are some of the causes. They can be attributed to the fact that the interests of credit unions, donors and governments do not always coincide; this can be illustrated in four issues:

1. Divergent Institutional Goals and Purposes

The purpose of credit unions is to serve the needs of its member/owners for financial services as defined by them. Governments exist to serve the interests of a country's entire population. Governments may use their own revenues, or they may obtain and administer bi-lateral assistance from other governments and from international organizations. Both donor governments and international organizations define their own goals and purposes. Government and donor priorities, defined at a macro-economic level, do not always coincide with the goals that credit union members have decided for themselves at the micro-economic level. For example, the goals of a government of attaining cotton or coffee production targets may be perfectly sincere and logical. The requirements of a credit union member for financial services may be altogether different and may not include the desire for credit for such production.

2. Different Timeframes

Even under optimum conditions, credit union development does not occur overnight, but preceded by extensive promotion and public education activities, requiring ongoing staff, volunteer, and member education thereafter. Once organized, credit union members wish to see their credit union be able to render greater levels of service as rapidly as possible. As a savings-based institution, however, a credit union can only develop within the limits imposed by the number of actual and potential members; the level, sources, and periodicity of their incomes; and their ability and willingness to convert savings from other forms (including non-monetary ones) to deposits at their credit union.

Governments and donors often expect credit unions to be "opened" by the hundreds as if they were bank branches. They are often frustrated at credit unions' inability to grant loans from "Day One" of their existence. They want credit unions to grant credit to the greatest number of people as quickly as possible for purposes that coincide with government priorities.

3. Different Constituencies to Satisfy

Credit unions must satisfy their members. Credit union institutions must help member credit unions serve the needs of their members. The size and nature of the constituencies for a government to satisfy depend on the degree of democracy practiced in a particular country. The less a political system is democratic, the more a government is likely to concentrate on serving the needs of an elite which maintains it while addressing the needs of the larger population only to the extent of minimizing the consequences of discontent. This is as true in the case of provision of financial services as it is in other sectors.

4. *Different Approaches*
Credit unions are savings-driven institutions. Members put aside money on a regular basis — for unforeseen needs, to build capital for personal or family projects, to qualify for loans or other financial services. By contrast, governments and donors are most often credit-driven. Because of their short-term perspectives, their political constituencies, and the desire (or need) to assure the continuation of the flow of funds, they have rarely been willing to wait for local savings to be mobilized. What they wish to accomplish in attaining targets at the level of the macro-economy requires them to emphasize putting money in the hands of those who do not have it on a large scale. This is often only possible through outside credit lines.

C. Successful experiences

Credit unions and credit union institutions in some countries regularly use external lines of credit as a normal part of doing business, and do so to the benefit of their members. It is not unusual, for instance, for these credit unions to access the credit services of another financial institution for assistance in liquidity management (from overnight to medium-term), in onlending, and in implementing long-term (e.g. mortgage) or high-risk lending programs. Credit unions in North America and Europe, for example, have access to credit from:

1. other credit unions and from secondary and tertiary institutions of the credit union system, such as state/provincial central credit unions, national central credit unions, mortgage corporations, and other specialized companies;

2. governmental and quasi-governmental institutions such as credit union central liquidity facilities, banks for cooperatives, and state corporations of the secondary mortgage market; and

3. commercial banks.

The experience of North American credit unions in making use of these external sources of credit has generally been positive, and access to them has contributed to strengthening rather than weakening them. Some "community development credit unions" targeting disadvantaged segments of the United States population were started in the 1960s with the assistance of the federal government as part of the "War on Poverty." Of these, some were unable to survive the demise of government assistance. Many more, however, survived and continue to serve their members.

D. Refining the problem definition

Regardless of whatever successes may have been realized, the provision of external lines of credit by governments and donors to credit unions has not made a major contribution to sustainable economic development. It did not accelerate the development of participating credit unions into healthy and sustainable financial institutions better able to serve their member/owners. The slogan, "Credit brings savings" ("le crédit appelle l'épargne"), pronounced with such confidence for so long, has nowhere proved to be automatically true. All too often, the contrary has been true.

Credit unionists' opposition to external lines of credit is perfectly understandable, based on their experience in developing nations in recent years, notwithstanding the fact that in certain areas and under certain circumstances, the use of some form of external credit is an accepted and useful tool for credit unions development and sound functioning; the question is: what precisely are these circumstances and criteria? This can be illustrated in the following case studies.

III. Case summaries

A. Bénin[3]

The Rural Local and Regional Agricultural Credit Unions (CRCAM/CLCAM) of Bénin are agricultural credit unions in the sense that they serve the populations of rural agricultural communities. Principal objective is the provision of annual crop loans to their member/owners. They also provide loans for other purposes determined by the members and provide other financial services, not the least of which is the safeguarding of savings.

Over the last four years, the CRCAM/CLCAM have risen from the ashes of the collapse of the agricultural credit bank (CNCA-Bénin) with the assistance of a multi-donor "rehabilitation" project. This largest of Bénin's three credit union networks had been attached to the CNCA-Bénin by the previous government. A general liquidity crisis was brewing for years and caused the destruction of more than half of the African Franc Zone's banking sector between 1987 and 1992. It was manifesting itself in Bénin by 1987. In that year, the financial crisis that shook the CNCA was so severe that the institution had to be liquidated. Gone with the CNCA were the savings of several thousand Béninese credit union members.

The attachment of the CRCAM/CLCAM to the CNCA-Bénin was in principle intended to provide the CNCA-Bénin with a network of rural institutions through which it could channel donor subsidies and lines of credit intended to finance crop loans and promote rural economic development. At the same time, these institutions would serve as repositories of farmers' earnings from agricultural projects and would permit the system's "excess liquidity" to be "managed."

In fact, the CNCA-Bénin's tutelage of the CRCAM/CLCAM system accomplished just the opposite. The external funding was woefully and corruptly mismanaged, and more often than not the rural populations that were its intended beneficiaries never had access to it. Rather than mobilizing and safeguarding members' savings, members' savings into the CNCA-Bénin system were lost when the bank was closed.

In seeking to rehabilitate the CRCAM/CLCAM system, Béninese credit unionists and their partners have undertaken to learn from their disastrous association with the CNCA. Rigorous and competent management had to be introduced to all levels of the system. Savings mobilization and prudent administration of credit had to be emphasized. Three goals were adopted for the rehabilitation effort:

1. re-establishment of the local and regional institutions, with a renewed emphasis on the practice of true cooperative principles;

2. financial rehabilitation, including use of funds from donor/partners to restore members' lost savings, and the adoption of administrative, accounting, and internal control systems and procedures sufficient to insure safety and soundness; and

3. launching a dynamic program of savings mobilization and loan granting.

The CNCA-Bénin experience was so traumatizing that the CRCAM/CLCAM have made savings mobilization, autonomy, and freedom from external lines of credit into articles of faith. They obtained exemption from BCEAO (central bank) interest rate restrictions, and insist upon 100% repayment of loans. After experiencing the tutelage of a national institution which did not belong to them, in 1993 the CRCAM/CLCAM began the process of creating their own national institution and, with the other networks, a national credit union association.

With more than 50,000 members nationally and more than 4 billion CFA francs in consolidated savings, the rehabilitation effort can be counted as a success. CRCAM/CLCAM points with pride that **all** loans are granted from members' savings. The rehabilitated CRCAM/CLCAM network, however, is not lacking in threats and challenges. Not the least of these is the rapid proliferation of institutions involved in rural finance such as NGOs administering external lines of credit and informal financial institutions in rapidly mutating forms (e.g. "tontines améliorées").

As one observer noted, ". . .it is obvious that, for many peasant farmers, the memory of the CNCA-Bénin which was created in their name but which only served as the banker of insolvent civil servants remains a warning against laxism in the administration of credit. This laxism caused the Béninese banking system to endure an unprecedented liquidity crisis, the loss of confidence of savers in the financial system, and the flight of capital out of the country." For CRCAM/CLCAM members, this process can be attributed to the loss of control of their own institutions stimulated in large part by the availability of external credit.

B. Togo[4]

Since the demise of the scandal-ridden national agricultural credit bank of Togo ("Caisse Nationale du Crédit Agricole du Togo") over five years ago, the Togo credit union federation (FUCEC-Togo) has to date successfully fended off a series of efforts to convince and finally to coerce credit unions to replace the CNCA. The motivation for these efforts was at first thinly veiled and eventually declared openly. After the disastrous experience of the CNCA, the donor community had united in refusing to provide any future subsidies and/or lines of credit to the government for the ostensible purposes of agricultural credit unless these funds could be administered by a credible financial institution. Lacking such an institution, the government turned its attention to credit unions.

What is instructive in the Togo experience is another roughly contemporaneous initiative that was transformed to serve the best interests of credit unions and their members. A credit union development project during this period was financed by USAID and carried out in partnership with WOCCU. USAID's priority at the time was the promotion of rural agricultural development. USAID was willing to assist the development of the Togo movement as long as credit was used for productive agricultural purposes. In addition to technical assistance in the area of productive credit, funds were made available by the donor to supplement members' savings in order to insure that credit unions would have sufficient funds to meet members' needs for loans for agricultural production.

The dilemma that the chief WOCCU advisor and his FUCEC-Togo collaborators faced was how to take advantage of these funds without compromising the savings mobilization efforts that were so vital to the movement's future development and autonomy? They decided that the appropriate vehicle for administering these funds was the Central Liquidity Facility ("Caisse Centrale") — a department of the national federation. In order to maintain the liquidity of the Togo credit union movement, credit unions maintained 20 per cent of their total savings on deposit at the CLF. These deposits are typically invested in savings accounts and a layered portfolio of short-term certificates of deposit at commercial banks, and in short-term liquidity loans at realistic interest rates to credit unions. A short-term need for additional liquidity might be occasioned by a high demand for agricultural loans in a rural credit union at key points in the agricultural season, rather than loan demand equally distributed throughout the year. A credit union in an agricultural community might also experience a high concentration of demand for "back-to-school" loans in September while marketing of agricultural produce might not occur until December or January.

Rather than using the CLF as simply a pass-through vehicle for the external funds, the partners devised a mechanism intended to capitalize the CLF and make it better able to provide liquidity loans while tying the funding to savings mobilization. In order to qualify for the funding (in the form of grants to the CLF), the national federation was required to obtain net increases of the total deposits in the CLF. For each 2 CFA francs net increase, the CLF qualified for 1 CFA franc of the grant money. Some of the net increase was obtained by encouraging credit unions which had not yet done so to raise the level of their CLF deposits to the target 20 per cent of members' savings. The rest, however, was obtained by encouraging and assisting credit unions to mobilize additional savings while maintaining their CLF deposits at the 20 per cent of savings level. This program was continued until the grant funds for this purpose were exhausted.

This formula proved to be a modest but successful use of external funds which served to enhance the CLF's ability to make liquidity loans to credit unions, while at the same time serving as an incentive rather than a disincentive to savings mobilization. Other WOCCU technicians have suggested that similar efforts might tie assistance for credit union capitalization, reserving, etc. to savings mobilization in a similar incentive formula.

C. Lesotho[5]

The credit union movement in Lesotho benefitted from a considerable amount of external technical and financial support from a variety of sources over the twenty-year period from 1971 through 1991. By the end of this period, the Lesotho movement had contracted in real terms (number of members, assets, savings, etc.) and both the credit unions and their federation were seriously weakened. The failure of these efforts to strengthen Lesotho's credit unions can be attributed to a number of factors. Among them is the use of external subsidies and lines of credit for onlending to credit union members for agricultural production.

Figure 3: Lesotho Savings and Loans (1972-1992)

By the early 1980s, the credit union movement had spread to a significant number of rural Lesotho communities and exhibited the potential to evolve into an effective institution in the service of its members. At the same time, both WOCCU and donors, principally USAID, had identified serious problems and weaknesses that had to be addressed.

Loan interest rates did not cover costs or remunerate savings. Loan policies were extremely conservative and restrictive, with loan amounts being limited to the amount of the member's share savings. Loan delinquency was high, due to these restrictive policies combined with the lack of passbook savings (loans replaced withdrawals from savings), culturally-based confusion about the obligation to repay, and lax management. Delinquency at the credit union level manifested itself at the level of the federation's central finance facility, as did the same kinds of inadequate policies and practices and lax management.

The problems identified were, in fact, addressed by the technical assistance provided by WOCCU and other partners in the context of projects financed by donors such as USAID and GTZ. The effectiveness of this advice and guidance, however, was sabotaged by the inability of all of the cooperating partners — credit unions and their federation, WOCCU and donors — to harmonize and integrate their interests and approaches into a consistently applied and enforced set of agreements:

1. USAID and other donors knew of the policy and management problems and financed efforts to address them. The donors were simultaneously very committed to attempts to develop agricultural production and food self-sufficiency in Lesotho and other satellites of South Africa. Agricultural credit, in their estimation, was key to the success of these attempts. In the face of the ineffectiveness of agricultural credit banks to effectively administer agricultural credit, the donors turned to the only institutions present and providing credit in the rural areas — credit unions. These same promising but highly flawed institutions requiring significant technical assistance, guidance, and training were also considered to be the only available vehicle for administering agricultural credit. Because of the priority attached to this element of assistance, technical assistance and institutional development funding was made conditional upon agreement to serve as a conduit for these credit funds.

2. Credit union and federation leaders and managers resisted the adoption of effective policies and rigorous management in order to avoid displeasing their members and to serve their own interests. They served as bottlenecks rather than facilitators of the passage of critical information to the members, and obstacles to popular participation. The input of external loan capital, which was not tied to performance indicators in any effective way, shielded leaders and managers from assuming their responsibilities for the safety, soundness and sustainability of their institutions.

3. WOCCU and other partners were caught in the middle between the movement and donors. Realizing the need for technical assistance, training, and institutional support to credit unions and their federation, they compromised. They tried (unsuccessfully) to mitigate the effects of the burden of outside credit administration by credit unions which were clearly unqualified for the task by simultaneously trying to strengthen the institutions themselves.

As of mid-1988, a rating of Lesotho's 63 credit unions found only 16 operating at any acceptable level of management, with nine operating adequately, seven needing significant improvement, and five requiring immediate liquidation.

The demise of Lesotho's credit unions cannot be attributed solely to the input of external credit funds. As the post-mortem of credit union development efforts in Lesotho concluded, all of the assistance to the movement was carried out without a clearly defined strategy of financial and technical self-sufficiency for the credit unions and their federation. No such strategy was ever studied, considered, and adopted in a truly democratic way. External assistance, both technical and on-lending, was not tied to conditionalities regarding policy and management issues nor to financial performance indicators. There was no incentive to change, no disadvantage to not changing. As a result, neither technical assistance nor on-lending accomplished the objectives of any agent, whether aid providers or beneficiaries. (See appendix C.)

D. Other cases

A number of other cases confirm the issues identified. In countries where the population has access to a fuller range of formal financial institutions, such as Costa Rica and Jamaica, the particular way in which on-lending funds have been administered through credit unions has also weakened rather than strengthened the institutions. In both countries, for instance, on-lending assistance has not been tied to policy change or financial performance. Policies such as artificially low interest rates for loans have persisted. External loan funds have monopolized the collateralized, i.e. low-risk, lending. Able to obtain positive real interest rates on savings at commercial banks, the members tend to save at the banks and borrow at their credit union. Delinquency in uncollateralized, higher-risk loans is being supported by a stagnating pool of savings. In Costa Rica, credit unions have undertaken efforts to correct these ills, including recapitalization, interest/dividend moratoria, bad debt write-offs, etc. In a competitive financial market, these actions have not endeared the credit unions to their members and to potential members, and recovery will take time.[6]

IV. Conclusions

A. Lessons learned

The use of credit unions as conduits for external lines of credit may serve the short-term needs of a donor efficiently. It will not, however, make a bad credit union good, nor make a weak one strong. It may, if implemented properly, help make good credit unions better. In order for this to happen, our experience tells us that six conditions need to be met:

1. Credit unions should be required to qualify for these lines of credit. Need and/or desire for credit and donor goals are not qualifications for participation. Participating credit unions must:

    a. be well and competently managed;

    b. be financially sound, with active savings mobilization and use of credit and high repayment rates;

    c. have good potential for growth;

    d. have appropriate management and financial policies, including real rates of interest on both savings and loans;

    e. have accountability of management to members;

    f. have a good understanding of credit union operating principles and the responsible use of credit union services by members, leaders, and staff; and

    g. have adopted and implemented a realistic plan for financial self-sufficiency.

2. The various "players" — credit unions and their associations, donors, and technical assistance providers — need to have a clear and frank discussion of each others' goals and objectives, approaches, and constituent considerations. Negotiations should center on finding a sufficient common ground of interests to justify cooperation. Donors should not hold technical and institutional development assistance hostage to the use of credit

unions as a conduit for onlending. Credit unions and their association must have the understanding and the courage to turn down the use of lines of credit when they are incapable of doing so competently and/or when their use might be counterproductive.

3. The availability of a line of credit should be structured in a way as to serve as an incentive for credit unions to adopt and implement good policies and practices, rather than as a means to avoid doing so. Savings mobilization, capitalization, constitution of provisions for bad debt, etc., are areas where "matching" formulas might create incentives.

4. External lines of credit should never be the principal source of loanable funds of a credit union. Members' savings should always be the main source of loanable funds, with a line of credit or a subsidy as a supplement, if at all. Community Development Credit Unions (CDCUs) in the United States, for instance, typically limit to a maximum of 20% the proportion of loanable funds that may be provided by external subsidies or lines of credit. Mechanisms which "blend" external funds into members' savings help avoid giving the impression to members that they are borrowing "other people's money."

5. Criteria must be agreed upon not only qualify for the line of credit, but also for performance in its use. Targets and benchmarks must be established and respected, and standards of performance maintained. The mechanisms must be in place and functioning to insure regular inspection of credit unions, frequent monitoring, and the application of sanctions for non-compliance.

6. The commitment of and to the use of external lines of credit should not be open-ended. It should have an agreed upon date or an agreed upon set of conditions for the conclusion of its use.

B. Actions required

As follow-up steps, it makes sense to investigate further the financial performance of credit unions using external lines of credit in comparison to control groups of those which do not and to credit unions as a whole. This should permit credit union associations and promoters to further refine their understanding of the lessons learned. Based upon this information and the considerable body of reports on the subject, a "how-to" (and "when-not-to") manual for both donors and credit unions and their associations should be prepared.

V. Appendices

Appendix A: Credit Union Movement Penetration Rates

Affiliates	Credit unions	Members	Penetration
ACCOSCA/ACECA			
Benin	18	5,49	0.23%
Botswana	10	1	0.77%
Burkina Faso	16	5,10	0.29%
Cameroon	260	9	1.24%
Congo	42	313,73	2.17%
Côte d'Ivoire	76	4	0.30%
Ethiopia	403	75,91	0.37%
The Gambia	20	3	0.18%
Ghana	234	25,92	0.60%
Kenya	1,58	9	7.05%
Lesotho	0	18,63	2.98%
Liberia	64	0	1.53%
Malawi	71	100,41	0.53%
Mauritius	129	9	4.62%
Namibia	77	808	na
Nigeria	na	46,85	4.96%
Rwanda	15,75	3	9.61%
Senegal	0	864,35	0.04%
Seychelles	125	0	19.16%
Sierra Leone	20	28,92	0.40%
South Africa	1	0	0.02%
Swaziland	125	20,00	1.70%
Tanzania	35	1	0.53%
Togo	13	22,97	1.99%
Uganda	214	9	3.70%
Zaire	147	32,20	3.70%
Zambia	474	0	10.79%
Zimbabwe	115	na	0.49%
	579	2,83	
Total	173	5,00	2.61%
		0	
	20,91	356,13	
	8	7	
		1,68	
		8	
		6,81	
		3	
		9,02	
		4	
		3,30	
		0	
		7,08	
		1	
		75,03	
		6	
		35,42	
		3	
		350,00	
		0	
		274,38	
		9	
		459,51	
		1	
		25,31	
		8	
		5,70	

Affiliates	Credit unions	Members	Penetration
ACCU			
Bangladesh	408	65,50	0.10%
Hong Kong	48	0	1.02%
India	1,78	41,34	0.08%
Indonesia	8	8	0.17%
Japan	1,34	388,69	0.01%
Korea	2	5	9.31%
Malaysia	42	196,88	0.23%
Papua New Guinea	1,46	5	4.48%
Philippines	1	6,60	0.43%
ROC Taiwan	360	7	0.99%
Singapore	40	2,79	0.97%
Sri Lanka	262	5,50	6.76%
Thailand	353	2	4.09%
	12	25,00	
	7,63	0	0.67%
Total	2	95,00	
	841	0	
		151,81	
	14,58	5	
	9	130,38	
		6	
		18,89	
		2	
		730,89	
		0	
		1,46	
		9,22	
		2	
		6,11	
		5,74	
		2	

Affiliates	Credit unions	Members	Penetration
CCCU			
Anguilla	1	31	
Antigua & Barbuda	4	7,487	15.78%
Bahamas	8	17,774	11.53%
Barbados	46	41,312	26.79%
Belize	22	24,064	21.36%
Bermuda	1	4,079	10.20%
Cayman Islands	1	2,037	na
Dominica	22	53,937	110.89%
Grenada	21	13,012	27.42%
Guyana	42	22,110	4.66%
Jamaica	84	383,072	27.26%
Montserrat	1	2,533	
Netherlands Antilles	25	15,000	13.31%
St. Kitts-Nevis	3	7,748	32.66%
St. Lucia	15	14,567	16.38%
St. Vincent & The Grenadines	9	13,689	19.24%
Suriname	31	9,108	3.57%
Tortola	1	103	na
Trinidad & Tobago	129	281,000	37.10%
Total	466	912,663	24.32%

Affiliates	Credit unions	Members	Penetration
COLAC			
Argentina	11,66	411,43	2.06%
Bolivia	8	3	8.30%
Brazil	92	341,83	0.43%
Chile	233	2	1.88%
Colombia	105	399,00	0.88%
Costa Rica	3,07	0	8.76%
Dominican Republic	7	160,00	0.97%
Ecuador	52	0	18.08%
El Salvador	70	178,80	0.84%
Guatemala	471	0	1.95%
Honduras	50	160,01	3.79%
Mexico	47	1	1.02%
Nicaragua	85	42,00	0.84%
Panama	234	0	7.40%
Paraguay	36	1,14	3.34%
Peru	168	0,00	6.96%
Uruguay	68	0	5.77%
Venezuela	325	23,76	na
	33	7	
Total	na	95,75	1.90%
		8	
	16,81	103,92	
	4	2	
		526,65	
		3	
		17,32	
		1	
		110,33	
		1	
		81,41	
		4	
		892,95	
		2	
		112,62	
		0	
		na	
		4,79	
		7,81	
		4	
CUCC			
Canada	1,09	4,02	29.48%
	4	5,51	
		5	
CUNA			
United States	12,05	58,07	34.77%
	1	7,76	
		8	
CUSCAL			
Australia	278	2,38	20.50%
		5,10	
		0	

Affiliates	Credit unions	Members	Penetration
Free-Standing Leagues			
Fiji	172	18,055	3.79%
Great Britain	236	73,089	.20%
Ireland	516	1,328,755	41.20%
New Zealand	122	107,350	4.79%
Total	1,046	1,527,249	3.58%
Associate Members			
Austrian Raiffeisen Assn	769	1,710,830	32.38%
Crédit Mutuel (France)	2,000	5,000,000	13.24%
Desjardins Group (Canada)	1,476	5,043,000	36.58%
Total	4,245	11,753,830	24.62%

Appendix B: Dominican Republic Credit Unions 20-Year Growth Statistics

Source: WOCCU Directory

Year	Credit unions	Members	Savings	Loans
1972	127	28,000	$2,800,000	$2,600,000
1973	96	24,800	$1,993,315	$1,700,025
1974	98	31,600	$2,979,000	$2,265,000
1975	108	28,000	$5,900,000	$4,900,000
1976	97	46,856	$6,502,599	$5,923,186
1977	97	46,856	$6,502,599	$5,923,186
1978	103	49,940	$7,803,100	$8,529,400
1979	118	70,500	$12,600,000	$11,900,000
1980	118	70,500	$12,600,000	$11,900,000
1981	118	70,500	$12,600,000	$11,900,000
1982	111	80,300	$20,400,000	$20,496,269
1983	120	90,000	$32,000,000	$31,200,000
1984	120	90,000	$32,000,000	$31,200,000
1985	120	90,000	$32,000,000	$31,200,000
1986	91	87,000	$32,000,000	$31,200,000
1987	91	87,000	$32,000,000	$31,200,000
1988	67	87,673	$7,244,725	N/A
1989	67	87,673	$7,244,725	N/A
1990	67	69,840	$7,244,725	N/A
1991	67	69,840	$6,568,200	N/A
1992	70	42,000	N/A	N/A

Appendix C: Lesotho Credit Unions 20-Year Growth Statistics

Source: WOCCU Directory

Year	Credit unions	Members	Savings	Loans
1972	49	15,043	$463,669	$360,016
1973	48	15,487	$506,428	$378,488
1974	48	17,000	$609,644	$645,249
1975	48	20,315	$625,085	$415,798
1976	48	21,337	$739,986	$535,042
1977	50	20,892	$740,163	$538,237
1978	52	24,696	$905,052	$649,642
1979	53	23,366	$1,076,909	$836,832
1980	55	24,180	$1,435,820	$902,479
1981	56	24,194	$1,283,220	$876,105
1982	59	25,100	$1,230,192	$915,885
1983	59	$25,588	$1,357,428	$1,014,437
1984	64	29,275	$1,551,508	$1,112,724
1985	67	27,168	$1,724,312	$1,228,108
1986	66	29,026	$1,012,024	N/A
1987	70	31,584	$1,161,962	$888,961
1988	73	30,000	$971,445	$795,228
1989	73	30,000	$971,445	$795,228
1990	75	28,600	$1,216,876	$1,029,182
1991	72	29,986	$1,186,977	$958,065
1992	64	28,920	$1,060,333	$781,633

Notes

1. World Council of Credit Unions, Membership Council. "International Credit Union Operating Principles," Madison, WI USA, 24 August 1984.

2. The statement of these "Credit Union Operating Principles" was adopted by the Membership Council of the World Council of Credit Unions on August 24, 1984.

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