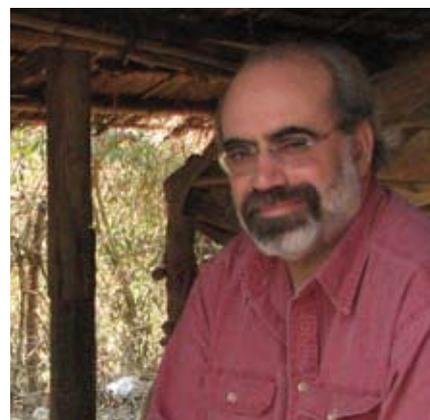


Credit Unions from a Democratic Point of View



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Credit unions are about economic development. They fight poverty, reduce inequality and stimulate economic growth throughout the world. At their core, credit unions provide affordable financial services to those who otherwise would not have access to them. Improving living standards and reducing inequality strengthens democracy, but there is more to it than that.

In this age of heightened awareness of microfinance, what is the real value added of credit unions? We know that credit unions empower people. What we often overlook is that empowerment activates civic participation, and democratic practice creates a democratic culture.

Credit unions teach principles of self-reliance and individual autonomy. Members learn that people helping people, not state dependence, is the answer to the many challenges they face. In Uzbekistan, members have become more engaged in civil society as a result of joining their credit unions and gaining a new level of economic freedom, with 70% participating in their annual general meetings.

Credit unions empower their members to believe that they can improve their lives as a result of their own collective actions. The ability to improve member welfare through collective action builds social cohesion. WOCCU's past development programs in Macedonia, Nicaragua and Rwanda and present work in Afghanistan, Colombia and Sri Lanka demonstrate how societies torn apart by civil conflict come together peacefully at their credit unions to revitalize their local economies.

Whether in Canada or in Cambodia, credit unions provide people with the opportunity to participate in

democratic decision-making. Sometimes it is their first experience—oftentimes it is their only experience. In Afghanistan, WOCCU has actively engaged women in the founding of the first five credit unions in that country. Women are represented on each board, and female tellers are always available so women can reveal their faces to identify themselves when conducting financial transactions.

Credit unions teach and regularly practice democratic elections. Members have the power to elect and replace their board members or run for office themselves. This exercise reinforces the values of transparency, democracy and trust among members—and most importantly, among citizens. Governance principles emphasize the accountability of credit union leaders to their members.

Virtually all credit union members are exposed to simple democratic processes and organizational rules that provide understanding and training for macro-level democratic decision making. This enfranchisement reaches not only middle and low income members, but also the most vulnerable and marginalized populations in a society. WOCCU programs help credit unions reach out to the poorest women in Ecuador and the Philippines, as well as to HIV/AIDS-affected families in Kenya.

So what is the real value added of credit unions? The answer is simple, and of great consequence. Credit unions not only help members become financially self-sufficient, but they also empower an informed citizenry and provide a solid grounding in democratic principles and practices. What other institutions can demonstrate that kind of impact? ■

Safe travels,