



International Operating Principles

The General Assembly of World Council of Credit Unions, Inc. (WOCCU) recently approved three new landmark pieces emphasizing the international importance of Operating Principles, Governance Principles, and Safety & Soundness Principles, which combined serve as the foundation for how credit unions differ from banks.

Governance is a system designed to control and distribute power within an organization. The International Credit Union Governance Principles are ideals to be achieved and are intended to apply to credit unions, not to credit union associations. These Principles address the challenges of organizational power within credit unions at three separate levels.

The International Credit Union Safety & Soundness Principles identify prudential standards intended to safeguard credit union member's savings. While credit unions must comply with local regulatory requirements, these Safety & Soundness Principles offer a good practice guide based on World Council's extensive experience in developing credit unions worldwide.

The International Credit Union Operating Principles were modified for the first time in 20 years at our Annual Meeting in Italy. Reprinted here in their entirety, these International Operating Principles for credit unions are closely linked with the International Cooperative Alliance's Operating Principles for cooperatives with special recognition of the financial nature of credit unions.

Democratic Structure

Open & Voluntary Membership

Membership in a credit union is voluntary and open to all within the accepted common bond of association that can make use of its services and are willing to accept the corresponding responsibilities.

Democratic Control

Credit union members enjoy equal rights to vote (one member, one vote) and participate in decisions affecting the credit union, without regard to the amount of savings or deposits or the volume of business. Voting in credit union support organizations or associations may be proportional or representational, in keeping with democratic principles. The credit union is autonomous, within the framework of law and regulation, recognizing the credit union as a cooperative enterprise serving and controlled by its members.

Non-Discrimination

Credit unions are non-discriminatory on all grounds, including but not limited to race, orientation, nationality, sex, religion and politics.

Service to Members

Distribution to Members

To encourage thrift through savings and thus to provide loans and other services, a fair rate of interest is paid on savings and deposits, within the capability of the credit union. The surplus arising out of the operations of the credit union after covering the cost of finance, operating costs, provisions for loan losses and ensuring appropriate capital reserve levels, belongs to and benefits all members with no member or group of members benefiting to the detriment of others. This surplus may be distributed among members in proportion to their transactions with the credit union, as dividends on shares or directed to improved or additional services required by the members.

Building Financial Stability

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.

Service to Members

Credit union services are directed to improve the economic and social well-being of all members.

Social Goals


On-Going Education

Credit unions actively promote the education of their members, officers and employees, along with the public in general, in the economic, social, democratic and mutual self-help principles of credit unions. The promotion of thrift and the wise use of credit, as well as education on the rights and responsibilities of members, are essential to the dual social and economic character of credit unions in serving member needs.

Cooperation Among Cooperatives

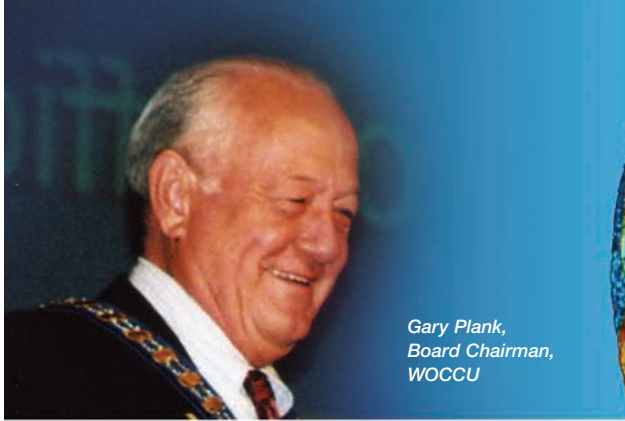
In keeping with their philosophy and the pooling practices of cooperatives, credit unions within their capability actively cooperate with other credit unions, cooperatives and their associations at local, national and international levels in order to best serve the interests of their members and their communities.

Social Responsibility

Continuing the ideals and beliefs of cooperative pioneers, credit unions seek to bring about human and social development. Their vision of social justice extends both to the individual members and to the larger community in which they work and reside. The credit union ideal is to extend service to all who need and can use it. Every person is either a member or a potential member and appropriately part of the credit union sphere of interest and concern. Decisions should be taken with full regard for the interest of the broader community within which the credit union and its members reside. 

—by Dave Grace

Senior Manager, Association Services, WOCCU



Gary Plank,
Board Chairman,
WOCCU



A VIEW FROM THE BOARD

Earlier this year World Council of Credit Unions' board of directors held a strategic planning session. We evaluated the structure of the organization to ensure that it continues to meet its members' needs and fulfills its mission. This can best be accomplished by performing trade association activities, helping to generate resources for development activities through the Worldwide Foundation for Credit Unions and engaging in the provision of business services to credit union organizations through the WOCCU Services Group.

Recently, with the help of a very capable WOCCU staff, I testified to the United States Congressional House Subcommittee on Africa, Global Human Rights and International Operations. My testimony stated that the 2004 microenterprise law provided a good basis for funding accountability, but that more has to be done and implemented as intended. Additionally, I detailed that credit unions have been effective in reducing poverty through small business loans in developing countries: serving not only the poorest of the poor, but also the entire market.

One of the most important highlights of my testimony was encouraging the government to provide assistance and encourage the United States Agency for International Development (USAID) to use procurement instruments for which specialized not-for-profit practitioners can compete, instead of just large for-profit contractors.

As a board we obtained a closer view of WOCCU's development work earlier this year in our WOCCU-Ecuador Project. It is the personal stories that are what stands out to me, not just numbers and ratios.

During our board meetings in Ecuador, I spoke with a member from the small town of El Quinche and observed a regular weekly credit union meeting of a solidarity group of 25 women. These women do not have enough money to join individually, so they form a solidarity group. One of the women in the group was Margarita Tipan. Margarita, mother of seven and grandmother of four, operates two food stands seven days a week. She used her US\$300 loan to buy two pigs. She collects a greater profit from the pork sandwiches she sells at her food stands because she raises her own livestock. Margarita has been able to grow her savings to US\$16.88 and is looking forward to becoming a full member of the credit union.

Seeing first-hand the impact of WOCCU's work in Ecuador is a reminder of the transformative power of credit unions. The pride of these women as they became individual members of the credit union is something I will never forget.

I'd also like to share how credit unions are increasingly becoming aware of WOCCU's business services through *IRnet*, the International Remittance Network, which operates in eight countries. WOCCU will soon begin offering *IRnet* in Kenya to bring credit union members in

the highly predatory remittance market much needed relief. In part, we chose to expand *IRnet* service to Kenya because it is a market that closely resembles that of the Latin America's marketplace eight years ago when prices were high and little competition existed. WOCCU helped transform the Latin America market and I hope we are able to do the same in Africa. Today in Kenya, remittance companies charge consumers exorbitantly high rates. The WOCCU-Kenya remittance initiative hopes to use the expansion of *IRnet* into Kenya as a platform to offer future remittance services on the continent of Africa.

I live in a state where the U.S. borders Mexico. Many people use remittances to make their lives and the lives of their family members better. Year-to-date there have been over US\$815 million in remittances that have been distributed through *IRnet*. We are confident that WOCCU can repeat in Africa its pioneering work in the Latin American remittance market.

It is with pride that I take on the role of chairman of World Council of Credit Unions. As has been the case over my forty years of credit union services I will continue to work passionately for credit unions during my tenure. 🇺🇸