

The Ecuador

Connection

Shared Branching Technology Fosters True Globalization of Credit Unions

By Mike Muckian

The equator, that invisible line dividing the Earth into northern and southern hemispheres, runs through Quito, the capital of Ecuador, virtually unnoticed. It surfaces at a busy intersection as Mitad del Mundo, literally “The Middle of the Earth,” a monument and frequent photo opportunity for the *touristas* visiting the city. Human traffic swirls around the monument, largely oblivious to its significance, concerned with accomplishing life’s daily tasks which include meeting financial demands.



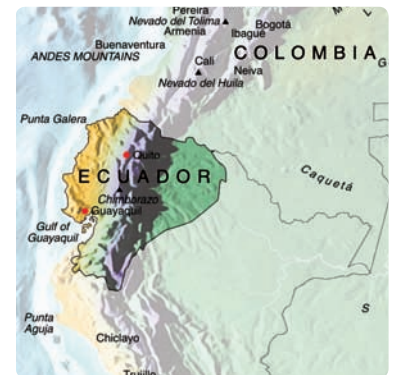
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A monument identifies Mitad del Mundo, “The Middle of the Earth,” where the equator runs through Quito, Ecuador.



Mt. Cotopaxi, the world's highest active volcano, is visible from Quito, the capital of Ecuador. Its name, loosely translated from the Quechua language, means "smooth neck of the moon."

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Carroll Beach, president/CEO of the CO-OP Shared Branching Network, deposits US\$20 into his account at Westerra Credit Union, Denver, Colo., through a teller at Cooprogreso Credit Union in Quito, Ecuador, thanks to the newly established COONECTA international shared branch network.



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Shared branching represents true globalization for the credit union movement, says Oscar Guzmán, head of WOCCU's Ecuador program.

At Cooprogreso Cooperativa de Ahorro y Crédito on Quito's north side, a line of a very different type originates, electronically leading from the Ecuadoran credit union to corresponding credit unions in the United States. Thanks to the efforts of World Council of Credit Unions (WOCCU) working with a variety of organizations and providers within Ecuador and the U.S., shared branching technology now enables visitors to Ecuador to transact business directly with their own participating U.S. credit unions. At the same time, Ecuadoran immigrants to the U.S. are able to transact business with Cooprogreso and other Ecuadoran credit

unions involved in the network. This connection is just the beginning of global efforts to link credit unions in a host of countries and has already done much to help local credit union members meet their financial needs.

Development of the COONECTA network and other innovations, supported by a US\$3.9 million grant from the U.S. Agency for International Development (USAID), occurred thanks to efforts in the U.S. of CO-OP Shared Branching, powered by Credit Union Service Corporations' Next Generation Network, and with support from the Colorado Credit

Union Association and its affiliated Credit Union Service Network. In Ecuador, the connection was enabled with support from the network development firm Red Transaccional Cooperativa (RTC) and software provider Multisoft.

The first transactions in November 2007 between Cooprogreso and credit unions in Colorado and New York were successful. Since then, 13 credit unions with a total of 100 offices among them throughout Ecuador have signed on to the network. By the end of 2008, COONECTA participation levels are expected to include 23 credit unions, which operate a total of 170 branches, according to Oscar Guzmán, director of WOCCU's program in Quito.

Those initial November transactions signaled the first time two shared branching systems operating in different countries "spoke" to each other, a historic achievement among financial institutions and networks worldwide. More significant to Ecuadoran credit union members, however, are COONECTA's capabilities to enable Ecuadoran immigrants to deposit funds in their home accounts through U.S. credit unions, supporting

their families and raising their standard of living at home while working abroad.

"Ecuador is now connected with people from other countries," Guzmán explained. "This effort represents the true globalization of the credit union movement."

Success in Ecuador has spurred WOCCU and credit union systems in other countries to explore similar opportunities. Talks are underway in Mexico, Colombia, Peru and Bolivia about the establishment of similar linkages to shared branching networks, with sights set on establishing at least one more international connection in 2008.

"The most important thing for us is that now Ecuadorans living in the U.S., particularly in New York and New Jersey, can make deposits to their own accounts in Ecuador without having to pay high fees," Guzmán added. "This gives them greater opportunities to save and help their families in Ecuador." 🌐

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Telecenters Connect Remote Communities

The largest building in Calceta, a rural town of less than 20,000 people in western Ecuador, is the Calceta Cooperativa de Ahorro y Crédito. An armed guard with a pump-action shotgun smiles at members who arrive to conduct business in the town's largest credit union. They make deposits and apply for microcredit loans of between US\$100-US\$8,000.

Two doors down sits one of Calceta's smaller enterprises, but one equally important to the handful of students and young professionals who use its services. In fact, the 15-by-30-foot telecenter, supported by the credit union, in some ways may be even more important because it connects rural Calceta to the 21st century.

The telecenter is one of 10 established by credit unions throughout Ecuador with help from WOCCU and funding from the United States Agency for International Development (USAID). However, no financial business is transacted through the telecenters.

The telecenters provide credit union and community members with Internet access through work stations that rent for as little as US\$0.36 an hour. They also offer basic fax and copy services, as well as CD production and other office services. The minimal payments help offset rent and utility costs and the telecenters are, to some degree, self supporting.

"The telecenters' real value is to provide support to communities that otherwise would have no access to basic

Internet services," said Oscar Guzmán, director of WOCCU's program in Quito.

Students travel from nearby colleges, often via bicycle on rutted and washed-out roads, to visit the Calceta telecenter, which has six work stations and operates Monday through Fridays from 9 a.m. to 6 p.m. or later,



Calceta Cooperativa de Ahorro y Crédito (left), a credit union located in Calceta, Ecuador, sponsors the community's telecenter, which allows residents and students from neighboring communities to access the Internet and basic office services (center and right.) For many community residents, the telecenter, established with USAID funding, offers the only available Internet access.

depending on traffic. Local school groups use the telecenter, which also has branched out to provide home access to a few interested clients who live close to the office.

The introduction of fiber optic cable to Ecuador in 2008 will make the telecenters more cost effective to operate, but also may give rise to competitors who can offer similar services in greater bulk or more cheaply, Guzmán said.

"Our goal in 2008 is to make the telecenters fully sustainable," he added. 🌐

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