

Understanding the Credit Union Difference

People have a growing number of financial service options available to them, so what makes credit unions stand out? The answer lies within the credit union difference: financial empowerment.



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We talk about access to financial services, but we should understand that financial services are not ends in themselves, but means to a much greater end. For most institutions that end is all about profit. For credit unions, it is about helping members to improve the economic wellbeing of their households. More than

that, credit unions provide people with financial dignity.

Credit union savings programs support people who are trying to pull themselves up by their bootstraps. Savings enable members to rely less on borrowed funds that often come with high costs and more on their own wherewithal to achieve their goals of improving the family's health, educating their children, improving their homes, purchasing land or investing to start small businesses.

In Mexico, credit unions have introduced small savings services in unserved rural communities. Many members who started saving have been able to move beyond survival and sustenance to add rooms to their homes, undertake vocational training and purchase equipment for their small businesses.

When it does come to lending, credit unions often provide members with loans at lower rates than competitors, enabling people to maximize their own returns on the financed activities. And while microfinance

has finally attracted the attention of the mainstream, we all know that credit union services extend beyond microlending. Credit unions serve families to meet a full range of household demands, providing people with access to the variety of financial services they need to get ahead in life.

We see firsthand the credit union difference at work across the world, and it most often results in financial dignity for people who had previously gone without it. Credit union-run women's savings and solidarity lending groups in Ecuador, Peru and the Philippines have resulted not only in improvements in family nutrition and education, but also have cultivated new groups of community leaders. New efforts in places like Afghanistan help members there engage in productive activities that enhance their ability to earn income, which results in greater financial freedom.

So how do we define the credit union difference?

No matter the country, a credit union's objective is not simply to maximize profit or shareholder value, but to improve the economic wellbeing of its member households. The difference will be a brighter, more prosperous future for members and their families. That is financial empowerment. 

Safe travels,