



Alternative Business Models – Credit Unions

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What is a Credit Union?

- **A financial co-operative owned and controlled by its members**
- **Volunteer directors elected from membership**
- **One member, one vote**
- **Membership based on “common bond”**

Credit unions in Britain



- **Around 500 credit unions**
- **From 200 to over 20,000 members**
- **Products -**
 - **Affordable credit**
 - **Safe Savings**
 - **Insurance**
 - **Mortgages**
 - **Cash ISA, Child Trust Funds, Christmas Accounts, etc**



Products and Services

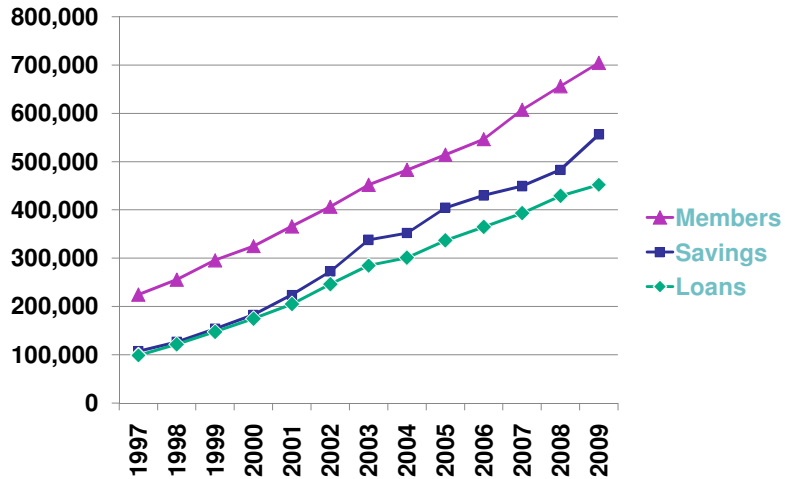


- **Credit Union Current Account**
- **24 credit unions, nearly 26,000 accounts**
 - **VISA Debit card + LINK ATM network**
 - **Payment of salary/benefits**
 - **Direct Debits and Standing Orders**
 - **Not reliant on high penalty charges to cover costs**
 - **Uses back office facilities of Co-operative Bank, but accounts are controlled and run by each credit union.**



CUs in Great Britain

Growth 1997 – 2009



Credit union business model



Income (%age of gross assets)

Interest	7.44%
Other	0.32%
Total	7.76%

Expenditure (%age of gross assets)

Interest Expense	1.62%
Delinquency	0.84%
Operating Costs	4.01%
Total	6.47%
Net Income	1.29%

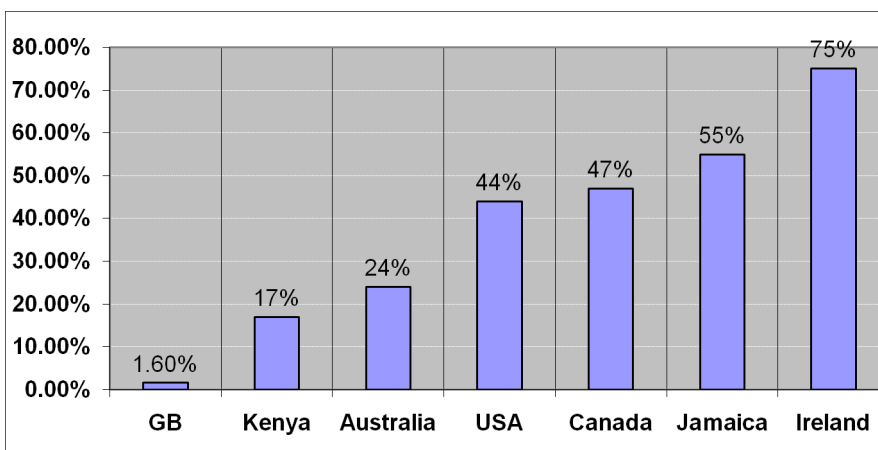
A worldwide movement



- **97 Countries**
- **54,000 Credit Unions**
- **186 Million credit union members**
- **\$1.2 trillion in assets**



Percentage of population in credit union membership

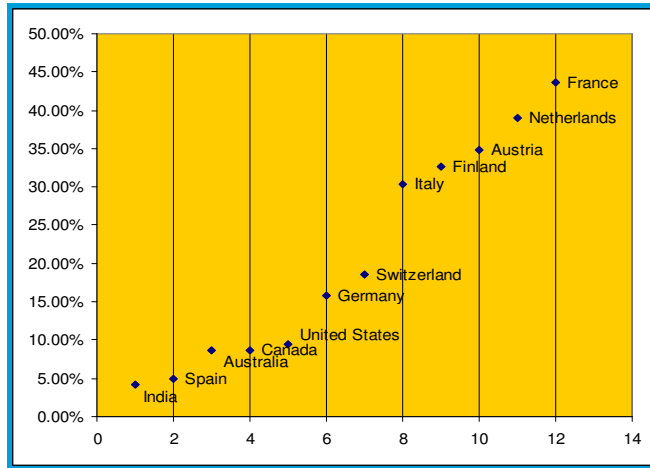


Taken from the World Council of Credit Unions' 2008 Statistics.

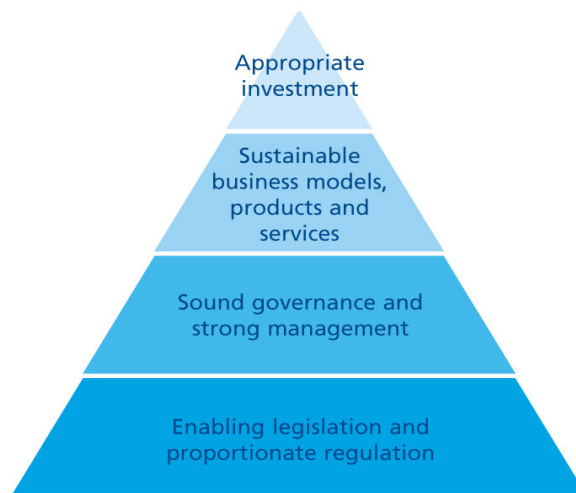
Collaborating to succeed

Global market share v level of collaboration.

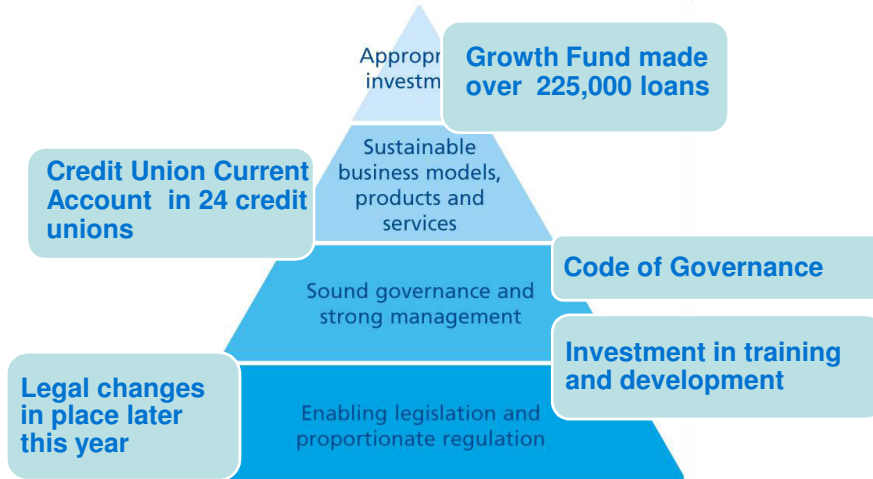
*Graph from 2007
WOCCU presentation*



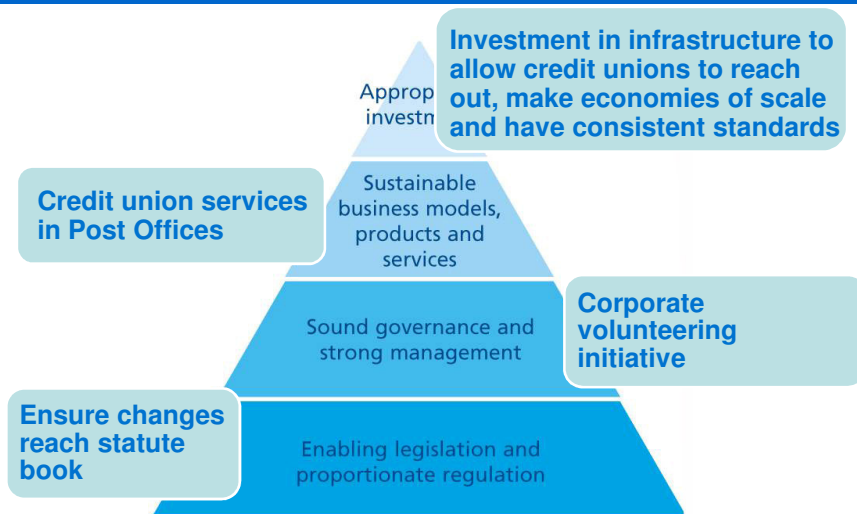
What do credit unions need?



What have we achieved?



What have we still to achieve?



Design for collaboration

Expanded products and services for all credit unions



Future Opportunities

– legislation

- **New legislation due July 2010**
- **Will allow: -**
 - **Organisations to join credit unions**
 - **Ability to offer interest on savings**
 - **Freedom to reach out to more groups**
 - **Will lead to more capacity, coverage and credibility**

Contact details



For more information, please: -

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