

Recreating the Credit Union Superior Value in Local Communities

Cong. Guillermo P. Cua, Coop-NATCCO Party-List

Representative in Philippine Congress, Republic of the Philippines

Distinguished sponsors, guests, fellow cooperators,

When I was informed of this year's theme of the ACCU Forum, I thought it would be good to share thoughts about what credit unions can do at the local communities to create superior value even as the realities of globalization continuously affect all our societies.

Unquestionably, globalization has changed the balance of relationships between the State, labor, business, and has brought about new opportunities for wealth creation and prosperity on the one hand, and new insecurities and inequalities on the other. Rapid job creation in some countries and sectors contrasts with job loss and difficult economic adjustments in others. In some countries, people have resorted to a grassroots transfer of labor and capital. Workers migrate away from their families to serve as labor in rich countries and send capital in the form of remittances back to their loved ones in impoverished communities around the world. Information and communication technologies continue to generate substantial shifts in production systems and labor markets.

Despite the enormous economic and social progress that had been registered over the past four decades (1960-2000), progress has been very uneven. Global income inequality has risen sharply as the gap between average income in the richest countries and in the poorest countries has increased since 1960 to more than 30 times in 2000. Unemployment and underemployment are continual concerns. The informal sector absorbs more than 50% of new jobs that are created, mostly in low-income, self-employed service sector occupations.

In Asia, inequality has also increased. Over the last decade, inequality has increased in 13 out of 18 Asian countries for which data is available. And in both emerging and developing economies, poverty incidence remains stubbornly high.

How then are credit unions and co-operatives ought to respond to the fast-changing world order?

We, in the credit unions, would be wise to deal with globalization, with all its accompanying threats and opportunities. After all, it is an undeniable, ongoing reality and we cannot be like ostriches hiding our heads in the sand.

As co-operatives, we can use to our advantage our positive characteristics. We have our dual nature, and as such address both economic and social objectives. We have our principles and values which include, among others, social justice, equity, and democracy. These are all embodied in the ICA's Statement of Co-op Identity. Co-operatives are community-based and maintain linkages with each other through a network. If we abide by our principles, we can address the concerns on globalization.

So, at this point, I challenge credit unions to **ARISE** and create the superior value in the local communities, despite the uncertainties and risks posed by globalization and trade liberalization.

By **ARISE**, I want you to remember key words:

ALLIANCES - Establish strategic alliances. Putting the co-op principle “cooperating with other co-ops” in practice is a major key to ensure the success of credit unions within a highly competitive global financial market. We can learn from the experiences of the Rabobank in Netherlands, also the Desjardins and the Credit Union Centrals in Canada. Experiences of said credit unions show that interests of local communities can be served and that of other communities as well, as credit unions are able to compete even with multinational corporate banks through the alliances or networking they build.

Other than business alliances, credit unions must also establish links with civil society groups that espouse and promote their social concerns such as gender equality, social justice, and other priority sectoral agenda.

REGULATIONS - Advocate for appropriate regulatory environment for co-ops – The credit union sector must lobby governments towards the establishment of a favorable policy and legal environment based on the co-operative principles, observing a participatory process and adopting policies that would allow credit unions to grow as member-controlled, democratically-managed financial institutions. The efforts of ACCU to bring Asian credit union leaders and government regulators for continuing dialogue and reforms on policy and legislation is an important strategic intervention that would help build not only meaningful coop sector-government partnership but also create long-term impact to credit union competitiveness and sustainability. My

congratulations to ACCU for this pro-active, strategic initiative.

IDENTITY - Strengthen the co-operative identity – Continuous education is a must. As rapid external changes happen, the teaching of co-op values and principles and the demonstration of its practices must be given more importance. The efforts of ACCU on Credit Union Directors Course as well as Credit Union CEO/Managers' Course are important steps not only to develop competency, internal harmony and professionalism in credit unions but also to educate credit union elected officers and CEOs/managers on “the co-op way.”

SERVICES - Improve on the services for members – Responsive and good quality financial products and services are the credit union's best assurance that members would be loyal patrons of the co-op. We should always bear in mind that as customers, our members have the right to demand for and deserve superior products and services. So, credit unions must be innovative and always find means of delivering services efficiently and effectively. And I believe the ACCU's ACCESS branding as an initiative of the credit union sector in Asia will not only differentiate credit unions from corporate, capitalist financial players but will also build credit union superior value and create world-class financial products and services. So, I therefore hope that all credit unions under the umbrella of ACCU will be ACCESS-branded in the near future.

E- COMMERCE – Promote the use of Information and Communication Technology (ICT) in co-op enterprises. Many financial businesses are now conducted via the internet. Much easily, new marketing channels for co-operative products can be opened on a global scale since Internet increases connectivity between buyers and sellers. Just recently, I joined NATCCO in launching a low-cost overseas remittance and bills payment system known as **NATCCO N-Cash Card** using innovative global technology which will save no less than US \$1.663 Billion for our Filipino citizens every year. You could just imagine the savings and wealth that NATCCO offered to overseas workers (from the cost of remittance of US \$27 to just only US \$1 per transaction). This is an example of superior product offered by credit unions better than corporate banks and even international fund transfer companies.

Again, I encourage all credit unions to **ARISE** with this challenge to you: “**Do it fast, do it right and do it cheap!**” Thank you. I look forward to our lively and insightful discussions in this forum. My congratulations to ACCU for its leadership in building credit union superior value in local communities.