



The Credit Union Response

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World Council of Credit Unions (WOCCU)

WOCCU



About Credit Unions

- Credit unions are financial cooperatives that offer savings, credit, insurance and related financial services services.
- Boards are democratically elected, based on one member one vote and generally serve as unpaid volunteers.
- Provide service to poor, low-income and middle class individuals – mixed outreach.
- May or may not be regulated



World Council of Credit Unions (WOCCU)

- International trade association and development organization for the global credit union movement
- Represent 43,000 credit unions in 91 countries serving 136 million members
- Implementing 14 long-term credit union development projects around the worldwide
- Reaching out to immigrant communities in the US and abroad - Remittances

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History of Involvement

- Idea generation – trade association
- 1999 began transactions



Two types of Involvement

- Public Policy Engagement
- 1st Mile & Last Mile Activities



Public Policy Engagement

- Engaged in activities that a purely for-profit entity might not
- Congressional testimonies promoting alternatives
- Sharing of information/clients
- Believe that our engagement helped shine light on the industry to bring competition
- Support for Matricula usage
- Highlight barriers for CU engagement – DR, Brazil and US



1st & Last Mile Activities

International Remittance Network(IRnet®)

- Domestic Operation: Alliances with **VIGO** and **Travelex**
- International Operation: Alliances **VIGO** and **MoneyGram**





First Mile

- Working with 160 credit unions in the U.S. and their 480 points of service to originate transactions
- Similar experience as big banks and Wal-Mart



Review of 1st Mile Experience

- It is not easy, no instant acceptance
- Requires institutional commitment and support to educate staff and to promote service
- Mixed results so far: 65% of volume from 8% of credit unions
- Successful CUs are urban & rural, large (\$1 billion assets) and small (\$1.2 million assets), more community fields of membership than workplace fields of membership

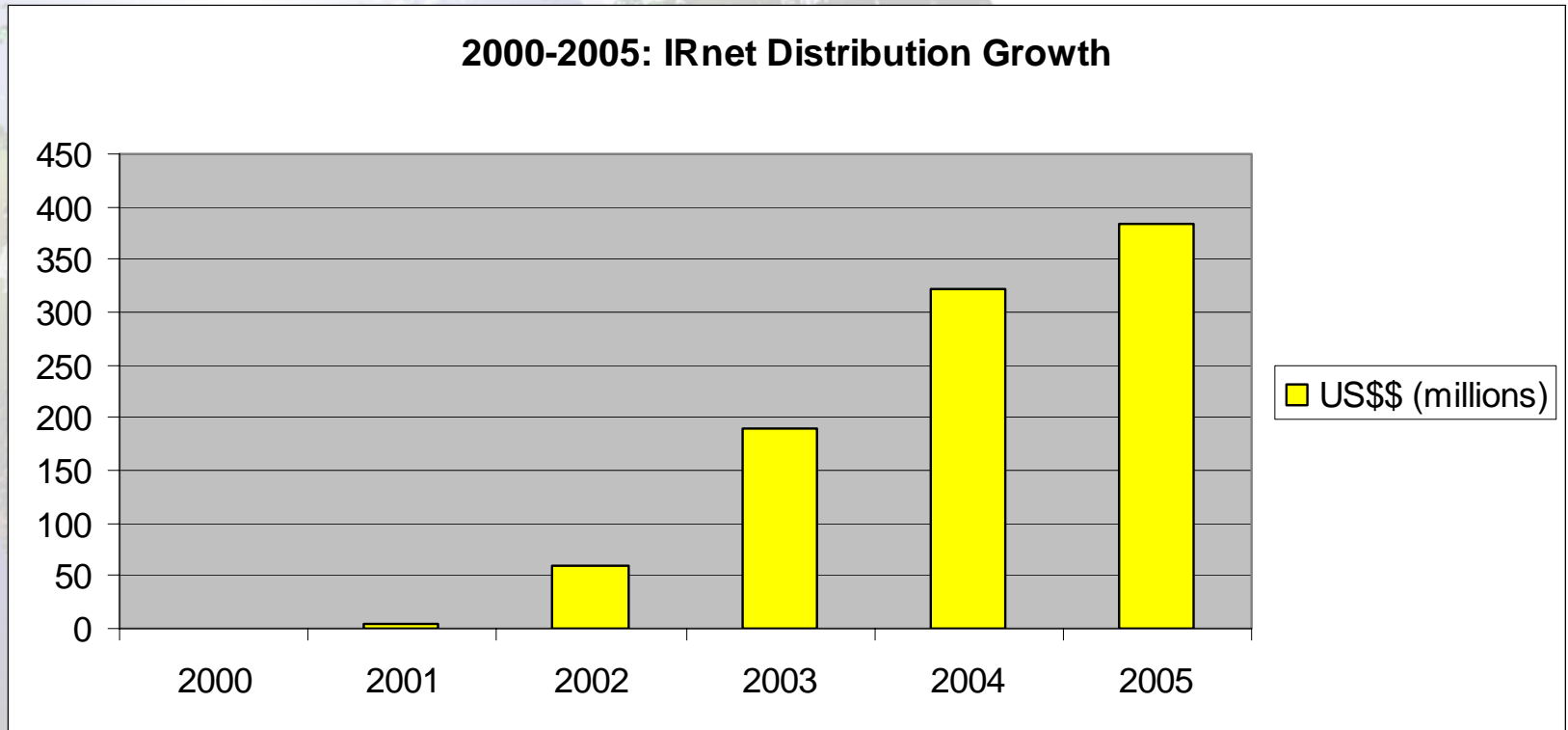


Last Mile Experience

- Transactions flowing into CUs in Mexico, El Salvador, Guatemala, Honduras, Nicaragua, Ecuador, Bolivia, Jamaica
- Total of 832 Points of Service
- More countries in Latin America in process and Africa



Volume Data



Over \$1 Billion distributed via IRnet



Credit Union Impact in El Salvador

- 25% of transfers are to members (data set of 650 transfers)
- 10% of the value of remittances is being saved; Central Bank estimates 1% of remittances is saved
- 37% of members deposit some portion of remittances
- First get the transfers, next membership, then **savings**



Credit Union Impact in Guatemala

- 29% of transfers are to members (data set of 500 members in 5 CUs)
- 78% members that joined CUs within the last 3 years did so because
 - Of remittances at the CU – 44%
 - They wanted to opportunity to save – 28%
 - They wanted access to loans – 16%
 - Because of interest in insurance – 3%
- 73% of receivers are women
- 22% are illiterate



WOCCU's Lessons Learned

- There needs to be equal interest on both sides
- Financial standards are a prerequisite
- Market is more competitive than microcredit
- Scale is everything



Remittance as a **gateway** to affordable financial service (on both sides) is the Holy Grail of financial services... little known and documented about this



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QUESTIONS

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