



# CREDIT UNIONS

## BANKING ON OUR COMMUNITIES

At a time when many Canadians are frustrated with the impersonal service they receive from big banks, credit unions continue to keep the needs of individual members and their communities as priorities.

Credit unions and caisses populaires differ from banks because they are financial co-operatives owned and controlled by their members. Each member must purchase at least one share in the credit union, the cost of which varies according to the size and type of the credit union. This share confers membership and the right to use the credit union's services. Co-operatives and credit unions use the one-member/one-vote system, not the one-vote-per-share system preferred by most businesses. This helps the co-operative or credit union serve the common need rather than the individual need, and is a way to ensure that people, not capital, control the organization. The members elect a board of directors for their credit union at an annual general meeting.

Plans, consumer and business loans, credit cards, debit cards, on-line services, mortgages, wealth management, etc.) on a for-profit basis. But earnings are not the main motivation of credit unions. Service to members and the community is of equal or greater importance. As banks retreat from branches that do not meet their standards of profitability, credit unions are moving in to serve those communities. Credit unions and caisses populaires are the only financial services providers in more than 900 Canadian communities.

As member-based institutions that concentrate on consumer financial services, credit unions are closely tied to their local economies. For example, 85 per cent of individuals who conduct basic banking operations at a credit union or caisse populaire will also go there to obtain personal loans. In comparison, only 60 per cent of those who conduct their basic banking at a bank will use their branch for personal loans.

This same strong local link holds true for small businesses. In ranking small business satisfaction with the quality of service received from their banking institution, the Canadian Federation of Independent Business survey consistently finds credit unions rank first in terms of overall satisfaction among business clients. The CFIB says this "provides further evidence that these locally based and managed institutions have an edge servicing their small business clientele." Credit union participation in the small and medium-sized enterprise market in equals approximately \$18 billion; nearly 23 per cent of the market.

The local focus of credit unions has ensured that they have a broader impact on the national economy. Canada has the world's highest per capita membership in the credit union and caisse populaire movements, with more than 10 million members — one in three Canadians is a member of a credit union or caisse populaire. The approximately 1,000 credit unions and caisses populaires represent assets in excess of \$200 billion.



Credit unions provide the same kinds of financial services as do banks and trust companies (i.e. savings and chequing accounts, term deposits, Registered Retirement Savings



## CREDIT UNIONS: A FULL RANGE OF FINANCIAL SERVICES

While credit unions are independent, local organizations, they are linked and served by provincial and national organizations. Provincial centrals in every province and the national Credit Union Central of Canada ensure a collective voice for credit unions and the economy of scale necessary to offer the most advanced financial services.

Le Mouvement Desjardins provides a parallel service for caisses populaires in Quebec and affiliated federations of caisses populaires in New Brunswick, Ontario, and Manitoba.

One of the primary roles that the provincial and national centrals play is to manage liquidity within the credit union system. That means ensuring that credit unions with heavy borrowing needs can access money from credit unions with money on deposit. It is through the centrals that credit unions access credit and debit card systems, gain access to the Canadian payments system, and ensure deposit guarantees.

The trend in the financial services industry is toward financial institutions offering an ever-wider range of services. Credit unions are no exception. Through Credit Union Insurance Services, a joint venture of national co-operative insurers The CUMIS Group and The Co-operators Group, credit unions offer members a full range of insurance services. The Co-operative Trust Company of Canada assists credit unions in administering Registered Retirement Savings Programs, Registered Education Savings Programs, mortgages, estates, and other wealth management services.

Credential Financial Inc® is the national wealth management provider founded by the Canadian credit union system. By partnering with Credential, credit unions can offer their members access to a diverse range of investment and insurance products, as well as investment planning, advice, and sound portfolio management. It administers more than \$5 billion on behalf of its credit union partners.



Another service of Credit Union Central of Canada is the MemberDirect® On-line Access System. And the Credit Union Electronic Transfer Systems® (CUETS) handles credit card management for the system.

*MemberDirect® and CUETS® are registered trade marks owned by Credit Union Central of Canada.*

### DO YOU WANT TO KNOW MORE ABOUT CO-OPS AND CREDIT UNIONS?

For more information, please contact the

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