

The Mission, Beliefs and Operating Principles of Credit Union

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Mission Statement

The World Council of Credit Unions is the international organisation of credit unions and similar co-operative institutions.

Its mission is to assist members to organise, expand, improve and integrate credit union and related institutions as effective instruments for the economic and social development of people.

The World Council of Credit Unions shall:

- **serve** as a forum for the exchange of ideas and information;
- **provide** services for its members;
- **promote** membership development and growth;
- **represent** members' interests; and
- **extend** co-operative financial services to areas where people want and need such services

Statement of Beliefs

The World Council's statement of beliefs affirms the movement's commitment to the expansion around the globe regardless of race, nationality, sex, religion and politics. It envisions credit unions as *vehicles of social, economic and human development, for both individuals and communities*. It calls for credit unions to encourage the prudent utilisation of local savings and to work with other credit unions in the interests of their members. It calls upon all credit union organisations to become self-sufficient

institutions controlled through effective democratic processes. And it encourages credit unions to develop the best human resources, whether elected or paid employees.

- We believe the credit union movement should expand the opportunity to participate in the services and benefits of credit unions to all who want and need these. Such services and benefits should be provided with neutrality relative to race, nationality, gender, religion or politics.
- We believe the credit unions should serve as effective instruments for human, social and economic development throughout the world.
- We believe that local, national and international credit union organisations should seek to contribute to the development goals and needs of their communities.
- We believe that the credit union movement should foster and practice the principles of co-operative pooling and utilisation of resources for the ultimate benefit of the credit union member.
- We believe that all sectors of the credit union movement should strive for permanent viability through the attainment of financial and technical self-sufficiency.
- We believe that the credit union leadership and management should embrace participation in the democratic process at all levels of the credit union movement.
- We believe that the credit union movement should attract and develop the best possible human resources at all levels to serve the leadership, management and staff of the movement.
- We believe that the credit union movement should adhere to the *Credit Union Operating Principles* defined by the World Council of Credit Unions.

This statement of beliefs is a forceful expression of what the credit union idea has become after some 80 years of experience. It possesses considerable cohesion while it explicitly and implicitly suggests the direction in which the movement should go. The emphasis is on ***a free, independent movement that operates democratically in the interest of the members***. Another important aspect is its explicit support for a unified system operating within a global framework.

Operating Principles

The operating principles are derived partly from practices that have emerged over the years from within credit union organisations and partly from co-operative principles articulated by the International Co-operative Alliance in 1937, 1966 and 1995. The 10 operating principles for credit unions are:

- open and voluntary membership;
- democratic control;
- limited deposits on equity capital;

- fair rate of interest on deposits;
- the return of surpluses to members based on their participation;
- neutrality in race, religion and politics;
- a commitment to high quality services to members;
- support for ongoing education;
- co-operation among co-operatives; and
- a concern for social responsibility

These principles can be grouped into three primary categories: *democratic structures, services to members; and social goals.*

Democratic Structures

Open and Voluntary Membership

Membership in a credit union is voluntary and open to all within the accepted common bond of association that can make use of its services and are willing to accept the corresponding responsibilities.

Democratic Control

Credit union members enjoy equal rights to vote (one member, one vote) and participate in decisions affecting the credit union, with regard to the amount of savings or deposits or the volume of business. Voting in credit union support organisations or associations may be proportional or representational, in keeping with democratic principles. The credit union is autonomous, within the framework of law and regulation, recognising the credit union as a co-operative enterprise serving and controlled by its members. Credit union elected offices are voluntary in nature and incumbents should not receive a salary. However, credit unions may reimburse legitimate expenses incurred by elected officials.

Non-Discrimination

Credit unions are non-discriminatory in relation to race, nationality, sex, religion, and politics.

Services to Members

Service to Members

Credit unions services are dedicated to improve the economic and social well-being of all members.

Distribution to Members

To encourage thrift through savings and thus provide loans and other services, a fair rate of interest is paid on savings and deposits, within the capacity of the credit union. The surplus arising out of the operations of the credit union after ensuring appropriate reserve levels and after payment of limited dividends on permanent equity capital where it exists, belongs to and benefits all members with no member or groups of members benefiting to the detriment of others. This surplus may be distributed among members in proportion to their transactions with the credit union as interest or

patronage refunds, or directed to improved or additional services required by members.

Building Financial Stability

A prime concern of the credit union is to build financial strength, including adequate reserves and internal controls that will ensure continued service to membership.

Social Goals

On-Going Education

Credit unions actively promote the education of their members, officers and employees, along with the public in general, in the economic, social, democratic, and mutual self-help principles of credit unions. The promotion of thrift and the wise use of credit, as well as education on the rights and responsibilities of members are essential to the dual social and economic character of credit unions in serving member needs.

Co-operating Among Co-operatives

In keeping with their philosophy and the pooling practices of co-operatives, credit unions within their capacity actively co-operate with other credit unions, co-operatives and their associations at local, national and international levels in order to best serve the interests of their members and their communities.

Social Responsibility

Continuing the ideals and beliefs of the co-operative pioneers, credit unions seek to bring about human and social development. Their vision of social justice extends both to the individual members and to the larger community, in which they work and reside. The credit union ideal is to extend service to all who need and can use it. Every person is either a member or a potential member and appropriately part of the credit union sphere of interest and concern. Decisions should be taken with full regard for the interest of the broader community within which the credit union and its members reside.

Further Information

This paper is an edited version of chapter 9 of Ian MacPherson's splendid history of the international credit movement.

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For a details on how to purchase a copy of the book and/or obtain further information on credit unions contact:

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