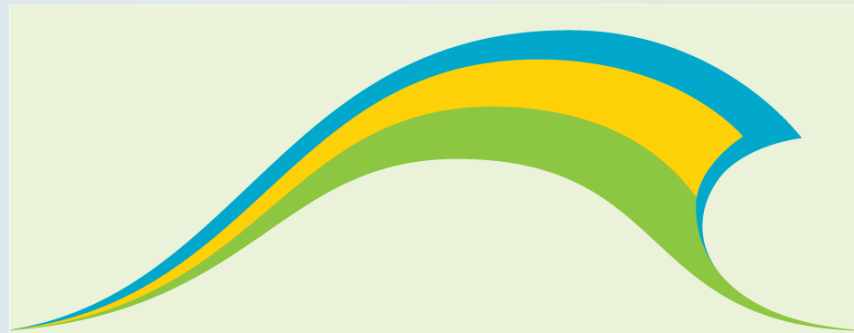


Réseau de recherche pour mesurer la
DIFFÉRENCE COOPÉRATIVE



Measuring the Co-operative Difference
RESEARCH NETWORK

Building Resilient Communities: The Economic Impact of Credit Unions and Caisses Populaires in Canada

Dr. Lou Hammond Ketilson
December 2011

What does this have to do with co-operatives?

“the economic meltdown had revealed a “flaw in the model” that he had not expected – that banks operating in self-interest would *not* self-regulate to protect their shareholders and institutions” (Allan Greenspan, 2008)

What does this have to do with co-operatives?

“public bail-out of private, investor-owned banks underlined the virtues of a customer-owned co-operative banking system that is more risk-averse and less driven by the need to make profits for investors and bonuses for managers”

(Resilience of Co-operative Business Model 2009)

World-wide Co-operative Banking Sector is extraordinarily large

- World Council of Credit Unions has 49,000 credit unions in membership, with 177 million individual members in 96 countries.
- International Raiffeisen Union estimates that 900,000 co-operatives with around 500 million members in over 100 countries
- In Europe 4200 local co-operative banks, 60,000 branches, market share of 20% serve 45 million members and 159 million customers.
- Rabobank - 50% in membership, largest agricultural bank in world, rated world's third safest bank

Why should you care?



Why should you care?

- Co-operatives are an underestimated and overlooked opportunity
- Co-operatives have a higher survival rate than other businesses
- Financial Co-operatives are
 - Trusted
 - Locally controlled
 - Capable of addressing tremendous need

Why should you care?

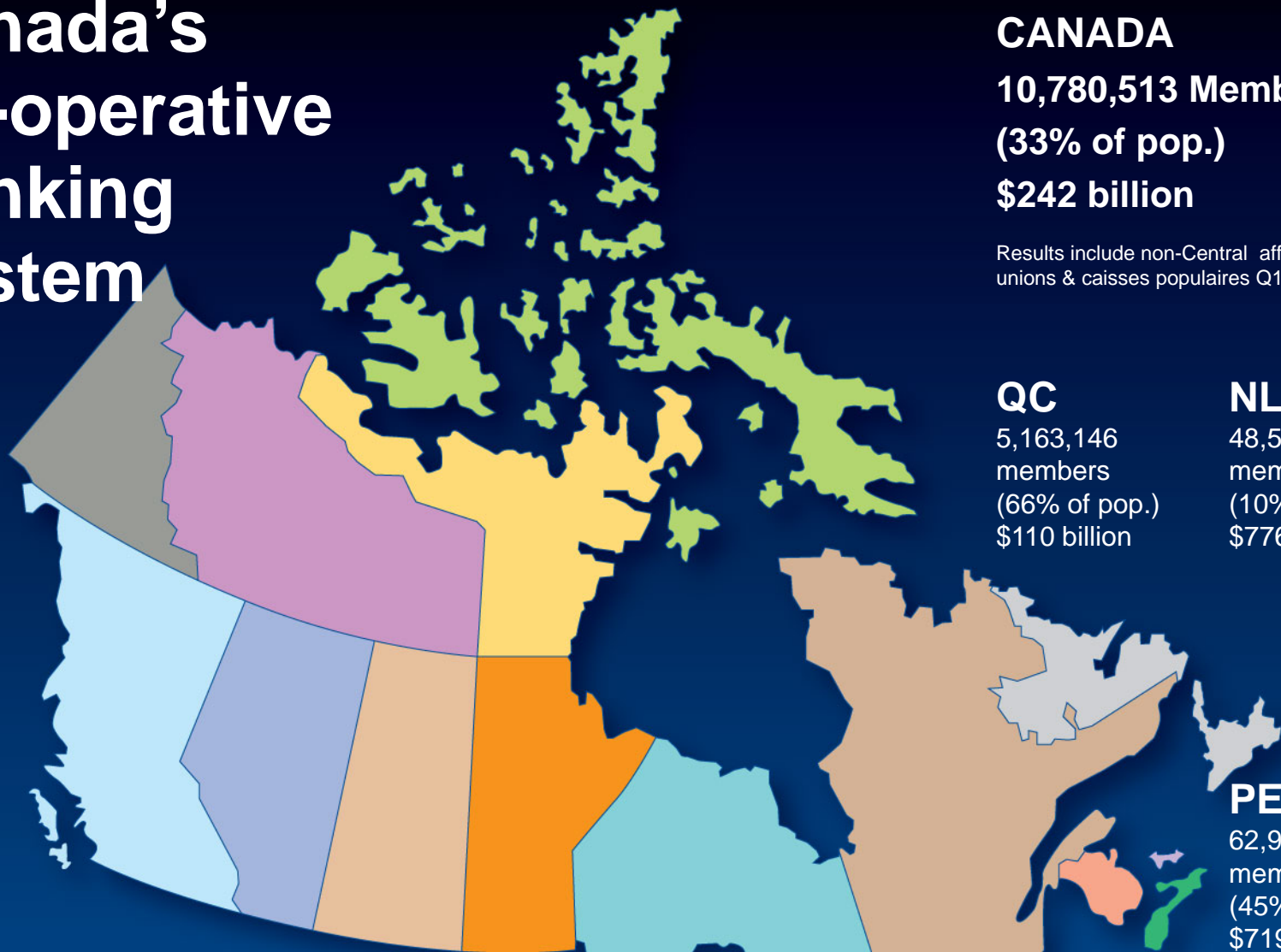
- Globally,
 - 800 million members, over 100 countries
 - Proven record of success
 - Top 300 co-operatives record aggregate turnover 1.6 Trillion US
- In Canada – ranking in top 300:
 - Desjardins (#36), Federated Co-operatives Limited (#52), La Coop fédérée (#104), The Co-operators (#120), Agropur (#144), United Farmers of Alberta (#177), La Capitale (#259), and Calgary Co-operative Association (#268).

Canada's Financial Co-operatives

Two groups of financial co-operatives in Canada

- Credit unions
 - 378 credit unions at 1,745 locations
 - 5 Centrals and one Federation own and belong to Credit Union Central of Canada
- Desjardins caisses populaires
 - 476 caisses own and belong to the Fédération des Caisses Desjardins

Canada's Co-operative Banking System



CANADA

10,780,513 Members

(33% of pop.)

\$242 billion

Results include non-Central affiliated credit unions & caisses populaires Q1 2010

QC

5,163,146

members

(66% of pop.)

\$110 billion

NL

48,545

members

(10% of pop.)

\$776 million

BC

1,696,498

members

(38% of pop.)

\$47.2 billion

AB

638,564

members

(17% of pop.)

\$17.5 billion

SK

499,959

members

(48% of pop.)

\$13.6 billion

MB

598,388

members

(49% of pop.)

\$16.9 billion

ON

1,630,847

members

(13% of pop.)

\$29.8 billion

NB

276,935

members

(37% of pop.)

\$3.6 billion

NS

164,666

members

(18% of pop.)

\$1.8 billion

PE

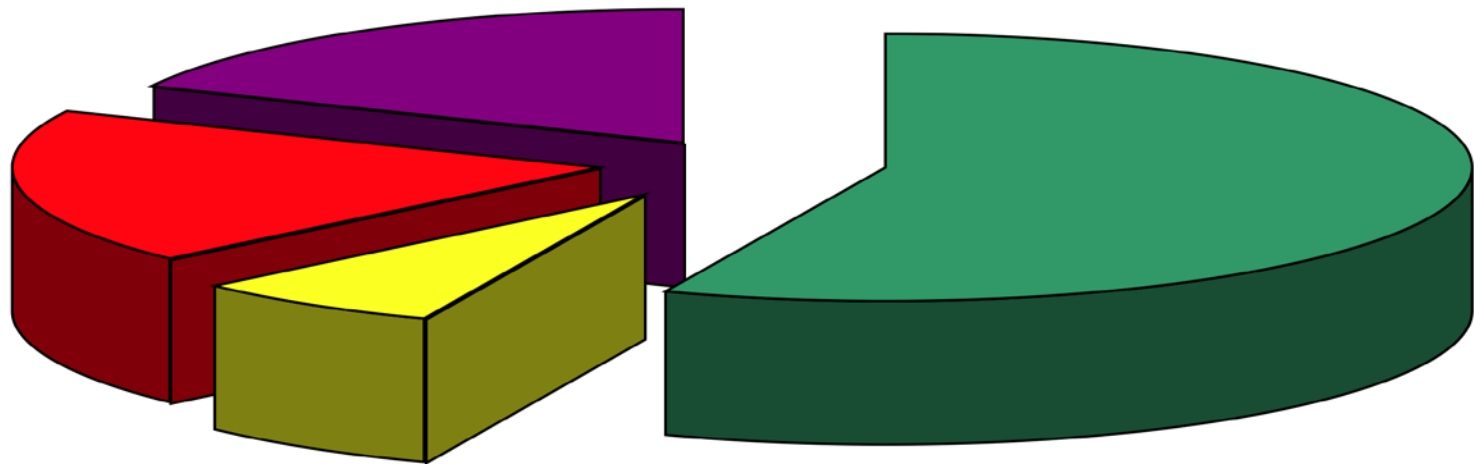
62,965

members

(45% of pop.)

\$719 million

(% of Total Assets)



■ Banks ■ Credit Unions (7%) ■ Mutual Funds ■ Insurance

Comparison to Banks Total Domestic Assets

Q4:2010 (in \$ Billions)

- Royal Bank of Canada \$ 347.4
- TD Financial \$ 308.1
- Scotiabank \$ 288.9
- CIBC \$ 258.5
- Bank of Montreal \$ 234.6
- **Credit Unions** \$ **130.9**
- National Bank of Canada \$ 128.4
- **Caisses Populaires** \$ **125.3**
- Laurentian Bank \$ 23.0
- Canadian Western Bank \$ 11.5

Note: Credit Union data includes non-affiliates. Figures for the banks represent domestic assets only. Source: CBA, OSFI

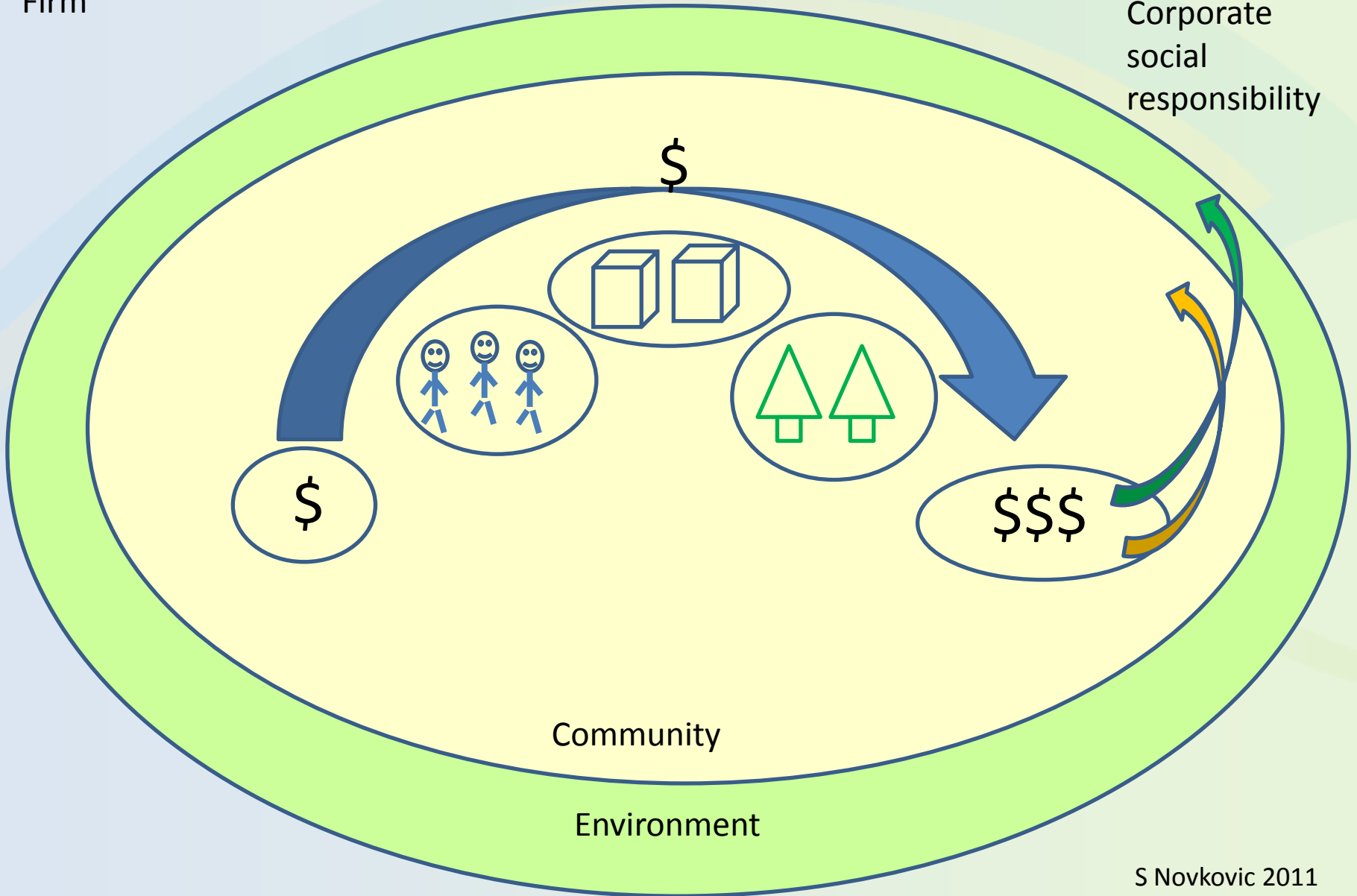
What Does a Co-operative Do?

Co-operatives are owned by their member patrons and exist to serve their members

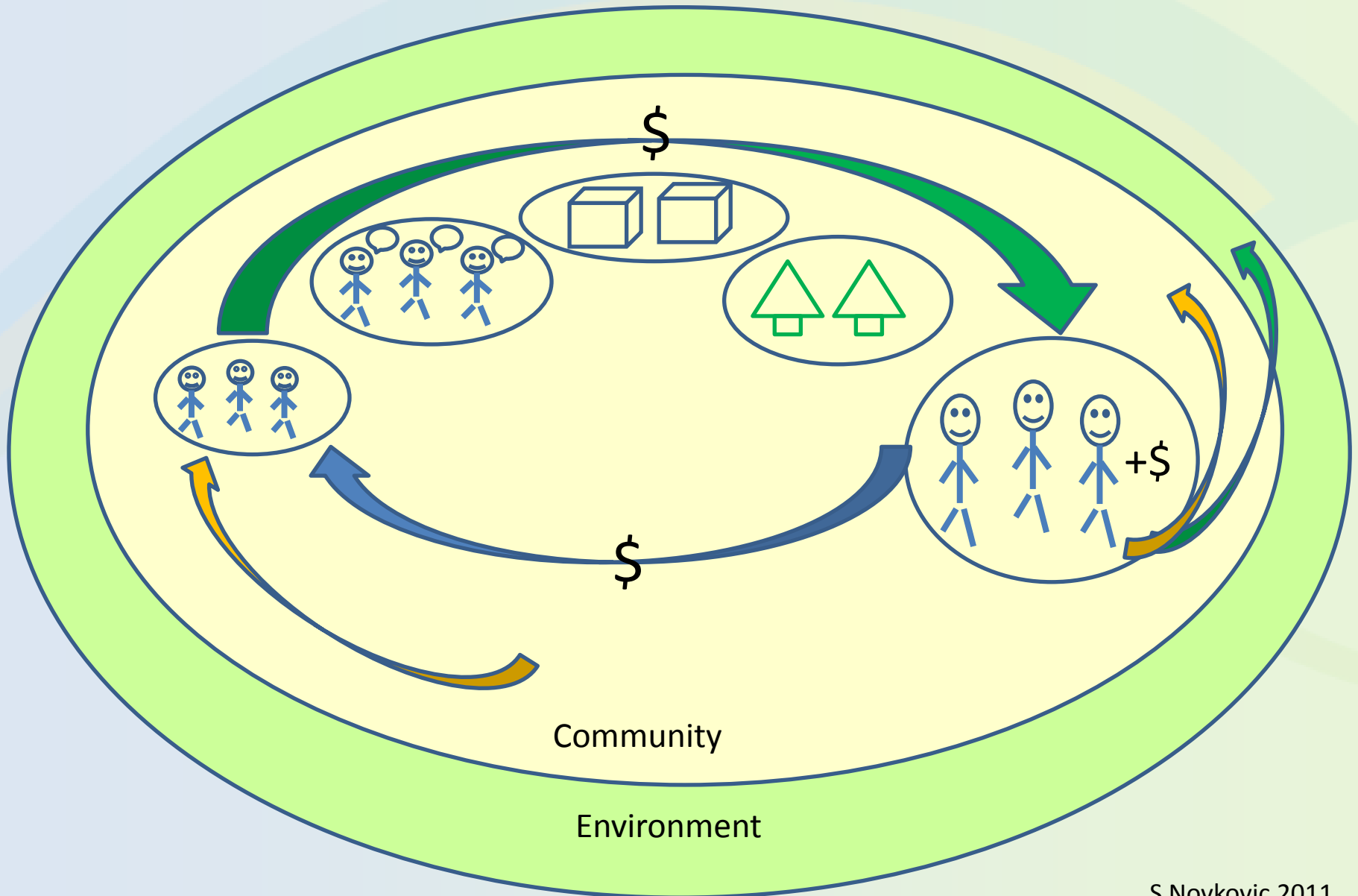
They distribute profits or surpluses according to patronage (*use*) and not according to investment.

Investor Owned Firm

Corporate social responsibility



Co-operative



What we do know: Commitment to Community

Community Donations

2010	Credit Unions	Bank Average (5 Big Banks)
Donations (\$)	\$37.6 million	\$51.5 million
% of Profits	4.04%	1.11%

What we do know: Commitment to Community

- In 380 outlying communities only *bricks-and-mortar* financial institution in town
- Maintained service delivery points
- Service provision to SMEs
- Returned 17.9% of income before dividends and taxes to members

Factors influencing selection of primary financial institution

Actively involved in community

- 35% CU members
- 16% Bank customers

Reputation for good customer service

- 36% CU members
- 25%% Bank customers

Friendly staff

- 57% CU members
- 42% Bank customers

Treat me as an individual

- 48% CU members
- 34% Bank customers

Care about me

- 31% CU members
- 21% Bank customers

Trust them more

- 33% CU members
- 23% Bank customers

Research Objectives

Research focus on

- what financial co-operatives do and how they conduct themselves, and
- the impact they have on their stakeholders and the communities in which they locate and function.

Asset Building

- What kinds of assets do credit unions develop for their members and communities?
- How can credit union asset building and wealth accumulation be understood, identified and measured?
- What mechanisms and structures do credit unions use and/or are unique to credit unions to facilitate asset building and wealth accumulation for its members?

Research Outcome

- Instrument development - measure members' perception of value of financial co-operative's actions
- Assess
 - Level of awareness regarding co-op's actions
 - Perception of importance to member
 - Outcome for member

Impact and Indicators

Community Economic Development

- Encouraging start or growth of business
- Sustaining businesses
- Financial services to community
- Community development programs
- Economic linkages

Skills and Leadership Development

- Formal training
- Participation on Board
- Participation at annual meetings
- Personal development

In Conclusion

Policy Goals

- Financial Inclusion
- Employment Creation



Thank you

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