Special

Canada's Credit Unions



$156.4 billion
IN ASSETS

5.3 million
MEMBERS



1,759
LOCATIONS ACROSS CANADA

$35.6 million
CONTRIBUTED BY CANADIAN CREDIT UNIONS IN 2012 THROUGH FINANCIAL CONTRIBUTIONS, IN-KIND DONATIONS AND VOLUNTEERISM

Deeply rooted in the communities they serve, credit unions a values-driven force in the world of finance

When they are asked how their institutions differ from banks, executives of Canadian credit unions don't mention their unique services and product offerings. Instead, they use words like "community," "participation" and "ownership," brand attributes that especially set them apart from banks.

As co-operatives owned and controlled by members, credit unions often adopt philosophies that reflect local values that banks can't always emulate, because of their size and national reach.

Denyse Guy, executive director of the Canadian Co-operative Association, says this is not surprising.

"Credit unions are deeply rooted in the communities they serve and exemplify co-operative principles and values," she says. "Like all co-operatives, they were originally created to meet individual and community needs that were unmet by other financial institutions."

Bill Whyte, chief member services officer at Meridian, the largest credit union in Ontario, says that service is important to Meridian's members.

"Credit unions in general rank high in overall service experience," says Mr. Whyte, whose credit union has $9.9 billion in assets and serves over a quarter of a million members. "It's because we take a more personal approach to banking and really take the time to fully understand members' needs. Yes, we need to sell products, we need to be successful and make profits, so that we can reinvest in the credit union and the community. But at the end of the day, we have to take the time to understand our members. A cookie-cutter approach is not for us."



"Our profits don't go out of the business to shareholders, but are reinvested to better service our members. That creates a very different feel to what we do and how we do it."

Chris Catliff
is president and CEO of BlueShore Financial

Chris Catliff, president and CEO of BlueShore Financial, one of British Columbia's leading credit unions, says banks have a profit maximization mandate from their shareholders. Credit unions, on the other hand, adopt a "service maximization" model.

"Our approach is completely different," says Mr. Catliff. "Our profits don't go out of the business to shareholders, but are reinvested to better service our members. That creates a very different feel to what we do and how we do it."

BlueShore prides itself on what Mr. Catliff calls "a local vibe," based on an intimate knowledge and understanding of what's important for consumers and small business. "That's the biggest difference between us and the banks," he adds.

But both Mr. Catliff and Mr. Whyte say that there are still misperceptions about exactly what a credit union is.

"For the most part, we offer everything the banks offer," explains Mr. Whyte. "There may be some limitations on very large commercial transactions, but that's more indicative of size than capability."

He believes credit unions must do more to build awareness outside of the communities where they are already established, for example reaching out using new tools such as social media.

Mr. Catliff says the idea that credit unions offer little more than savings and loans is simply incorrect. "We need to do a better job of getting the word out and explaining who we are and what we do, particularly among people under the age of 30."

Credit unions must also evolve with their markets, Mr. Catliff stresses, which is why his institution recently changed its name from North Shore Credit Union to BlueShore Financial.

"We started out servicing shipbuilders and deep-sea fishermen," he says. "As the population grew and its needs became more sophisticated, we grew up alongside them, to shift from a local community credit union to a financial boutique. Our new name more accurately reflects the communities we serve, both on and off Vancouver's North Shore."

But it's far more than just a name that keeps credit union members satisfied, says Mr. Catliff.

"Surveys show that members feel more appreciated by their credit union than customers do by their banks," he adds. "Feeling valued is the top attribute that people say there are looking for in their financial institution."

ONLINE?

For more information, visit www.cucentral.ca.

INSIDE

Flexible insurance products provide credit union members with peace of mind. CU 2

Social responsibility underpins the activities of credit unions. CU 3

Expert opinion: why credit unions are an important part of Canada's financial services sector. CU 4

INTERNATIONAL

Canadians helping develop co-op finance model overseas

The Canadian credit union movement has a long history of supporting the evolution of its counterparts in the developing world, says John Julian, director of international communications and policy at the Canadian Co-operative Association (CCA).

It started in the 1950s, with credit union officials from Canada offering advice and expertise to those abroad on an informal basis. In 1969, the National Association of Credit Unions (NACU) – a predecessor to the Credit Union Central of Canada – took on a project from the Canadian government to support the growth and development of credit unions in Africa.



Jimmy Opiny, manager of Alutkot SACCO in Uganda, with CCA credit union coach Miriam Valois. SUPPLIED

The program, delivered through the African Confederation of Co-operative Savings and Credit Associations, supported emerging credit unions in sub-Saharan Africa. In 1979, NACU amalgamated its international development efforts with those of the other co-operative sectors in Canada and became part of CCA's international development program.

"For more than 30 years, at least half of the overseas development work has involved financial services for the poor, and a majority of the funds have come from Canadian credit unions," says Mr. Julian. In 2012, not counting funds donated by individual credit union members and staff, Canada's credit unions contributed more than $500,000 to the program.

Barry Delaney, senior vice-president of business development at First West Credit Union in British Columbia, was part of a recent study tour that brought six CEOs from credit unions in B.C., Saskatchewan and Ontario to Cambodia.

Overseas, Page CU 2

This report was produced by RandallAnthony Communications Inc. (www.randallanthony.com) in conjunction with the advertising department of The Globe and Mail. Richard Deacon, National Business Development Manager, rdeacon@globeandmail.com.



CREDIT UNIONS

PROTECTION

Insurers bring members tailored products, peace of mind

From credit and mortgage protection to home, auto and life coverage, insurance products are an important part of the services that Canadian credit unions offer to members.

Genworth Canada is the largest private residential mortgage insurer in Canada and works closely with credit unions across the country to make responsible homeownership possible for more Canadian families, says Debbie McPherson, the company's senior vice-president of sales and marketing.

"We do this by not only providing flexible products, but also by helping educate industry professionals and consumers on the latest trends and developments impacting the housing sector," says Ms. McPherson. "We offer customized continuing education for our credit union customers, and we provide a full suite of online resources to help them keep their clients well informed on all aspects related to homeownership."



Insurance to protect members' valuable possessions like houses and cars is an important part of the service that credit unions provide. ISTOCKPHOTO.COM



"Genworth Canada works closely with credit unions across the country to make responsible homeownership possible for more Canadian families."

Debbie McPherson
is Genworth Canada's senior vice-president of sales and marketing

Bob Hague, president of credit union distribution at CUMIS, an insurance provider that is jointly owned by The Co-operators and Central 1 Credit Union, says his company is very much a part of the co-op and credit union sector in Canada.

"We've been focused solely on supporting the credit union system and providing advice and insurance products and services for credit unions and their members for 75 years," explains Mr. Hague.

He adds that CUMIS provides insurance products exclusively to some 380 credit unions and their members throughout Canada. CUMIS works with credit unions to tailor insurance offerings that are aligned with their overall insurance and wealth strategies.

"We are now in the early phases of a program called One Place For Business, which is designed to help credit unions better meet the needs of small and medium-sized businesses," says Mr. Hague. "The new program is an example of how we add value to credit unions; it will help them build upon their lead over banks when it comes to serving the financial needs of small businesses."

Ms. McPherson says homebuyers insured with Genworth Canada benefit from additional peace of mind.

"Our Homeowner Assistance Program is designed to help qualifying homeowners get through unexpected financial hardships that might temporarily impact their ability to make their mortgage payments," she explains. "These situations normally arise as a result of job loss, sudden illness, divorce or other financial emergencies."

FROM PAGE CU 1

Overseas: Co-op principles motivate actions

Mr. Delaney, who is also a director of the Co-operative Development Foundation of Canada, which raises funds for CCA's overseas development efforts, says the journey had a profound impact on the Canadian credit union leaders, who were able to see first-hand the roots of their own institutions.

"These are professional men and women who are primarily focused on strategy and finance in their roles, but in Cambodia they were able to sit down with credit union members in their homes and hear about how a micro-loan from a credit union helped them start a small business that's allowed them to care for their elderly parents or send their kids to school," recalls Mr. Delaney. "The CEOs were proud and humbled."

CCA also offers a program to train female credit union managers and senior staff from Africa and Asia. More than 170 participants so far have spent a month in Canada learning from some of Canada's best credit union experts. A recent survey found that 80 per cent of the women who have gone through the program continue to work in the credit union system and have introduced significant improvements in their institutions, based on what they learned in Canada, notes Mr. Julian.

Mr. Delaney says that another CCA program helps send senior executives from Canadian credit unions to Ghana, where they work with local credit unions for a month to help them improve operations and implement best practices. "Canada is seen internationally as having the most successful co-op system in the world, and that means that advice from Canadians on credit union business is taken very seriously."

Mr. Julian says Canadian credit unions are motivated to provide development support overseas by the international co-operative principles that put the well-being of members and the community before the bottom line.

"Those principles include concern for community and co-operation among co-operatives," he says. "That encourages credit unions to use their economic success for the good of people at home and abroad."

Mr. Delaney adds that Canadian credit unions can especially empathize with their counterparts in developing countries.

"It's like looking in the mirror," he explains. "First West Credit Union started in 1946. Our members were farmers and fishermen, who couldn't get loans from the banks. It's a typical story; they pooled their money and loaned it to one another. That's what we see when we look overseas. We know the struggle those credit unions are going through, and we want to help them."

"So what is it that makes Meridian so different, anyhow?"

It's simple. We've got your back. Our only reason for being is to make sure that our Members get exactly what they need to build their financial futures. Whatever your goals, your income, your financial knowledge - it doesn't matter - we make sure we've got your back.

Maybe that comes from having Members rather than customers. The difference is that our Members actually own Meridian. And they've helped us turn it into Ontario's largest credit union.

To discover the Meridian difference, visit one of our local branches today. We really do like meeting face to face. Guess that's one more way we're different.



Visit us at one of our local branches
or at meridiancu.ca/difference
or give us a call at 1-866-592-2226

Your money. Your way.
Imagine that.

Meridian™

™Trademarks of Meridian Credit Union Limited.

COMMUNITY

Sustainability, social responsibility among longstanding tenants

In the world of business buzzwords, "sustainability" is one of the most popular. It's often used to describe corporate social responsibility, covering everything from companies protecting the environment to maintaining profitability.

For Canadian credit unions, key players in the country's co-operative movement, sustainability and social responsibility are nothing new but have always been the backbone of their business activities, says Denyse Guy, executive director of the Canadian Co-operative Association.

"Today, virtually every business talks about sustainability and corporate social responsibility, but credit unions have been socially responsible from the very beginning," she says. "The idea of giving back to the community is in their DNA."

Priscilla Boucher, vice-president of social responsibility at Assiniboine Credit Union in Manitoba, says sustainability reflects her organization's commitment to doing business in a way that is financially sound as well as socially, environmentally and ethically responsible.

"It speaks to the value we see in using our skills and resources as a financial co-operative to help foster self-reliant and sustainable communities," she says. "It explains why we take care to consider the impact of business decisions on our employees, our members, the communities we serve and the environment."

For example, Assiniboine works with community partners to open accounts for "unbanked" and "under-banked" households. In 2012, the credit union opened a branch in Winnipeg's economically disadvantaged North End, to fill the gap in affordable financial services in the neighbourhood.

"We call this approach 'values-based banking,' because we are committed to acting in the best interests of people, communities and the environment," says Ms. Boucher. "We definitely want to have strong financial performance over the long-term, but we see profitability as the means to an end, not an end in itself."

"It speaks to the value we see in using our skills and resources as a financial co-operative to help foster self-reliant and sustainable communities."

Priscilla Boucher
is vice-president of social responsibility at Assiniboine Credit Union in Manitoba

"We work with our members to build healthy communities, where environmental sustainability is enhanced, co-operatives flourish and all people enjoy basic human rights and equal access to the benefits of society."

Tamara Vrooman
is president and CEO of Vancouver-based Vancity





Top: Priscilla Boucher, vice-president of social responsibility at Assiniboine Credit Union in Manitoba. Bottom: Tamara Vrooman, president and CEO of Vancouver-based Vancity. SUPPLIED

Tamara Vrooman, president and CEO of Vancouver-based Vancity, Canada's largest community credit union, says that as a co-operative, Vancity has embedded sustainability – social, environmental and economic – deep in the core of its business.

"We value longer-term viability over short-term gain," she says. "We work with our members to build healthy communities, where environmental sustainability is enhanced, co-operatives flourish and all people enjoy basic human rights and equal access to the benefits of society."

Where Vancity allocates capital today determines society's future health, explains Ms. Vrooman. That is why the credit union is committed to co-operative practices, environmental leadership, social justice and financial inclusion.

Ms. Boucher says that for Assiniboine, sustainability means being true to core purpose and values.

"Our members live here in this community and they care about how we do business, and so does our board," she says. "It's a virtuous circle, really. We do business in a way that helps to foster sustainable communities. And vibrant, healthy communities are good for our members, good for the people who work here and ultimately good for business."

Ms. Vrooman says that Vancity is guided by co-operative principles and its own Statement of Values and Commitments.

"While the traditional banking model focuses on increasing profits for the benefit of shareholders, we have a vision to redefine wealth, which requires us to use our $17.1 billion consolidated balance sheet to make a positive impact in our members' lives and their communities," she says.

Vancity measures its impact through key performance indicators, which demonstrate how the organization benefits the community. "These go well beyond the traditional definitions of success, like member and employee satisfaction and economic indicators of profitability," adds Ms. Vrooman.

"To demonstrate how we are creating a positive impact and inspiring members' confidence, we report results across a comprehensive set of goals and measures, including member well-being, community impact loans, net active membership growth, return on members' equity, an employee base that reflects the diversity of the communities we serve and employee engagement scores."



Peace of mind in challenging times.

Sometimes life can deliver an unexpected blow. A serious illness, a marital separation or loss of employment can cause financial difficulties that put your mortgage at risk. Genworth Canada has a proven method for helping more families stay in their homes with the Homeowner Assistance Program.

Ask your lender for more details or visit **HomeownerAssistance.ca**

Genworth Canada

© 2013 Genworth MI Canada Inc.

CREDIT UNIONS

OPINION

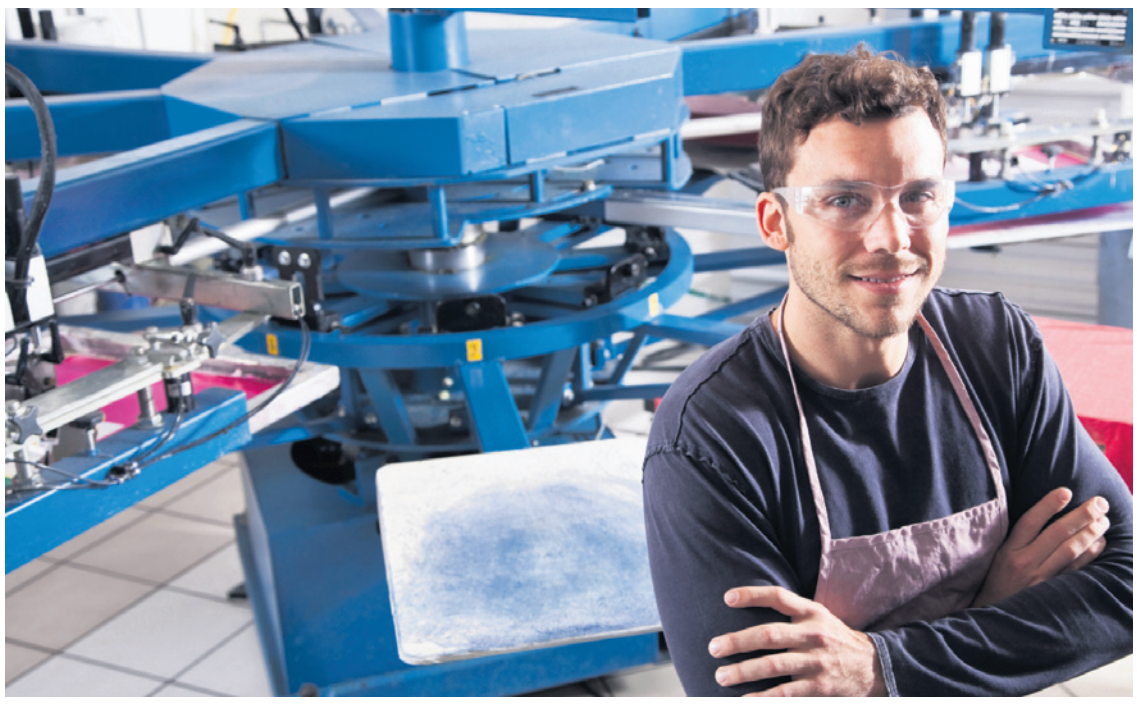
Connected and committed, customer-owned financial institutions deliver value to Canadians

By David Phillips
President and Chief Executive Officer, Credit Union Central of Canada

Credit unions are an important part of Canada's financial services sector and have been so for over 100 years. There are currently 336 credit unions in Canada that include 5.3 million Canadians as members. Since the members are the customers of a credit union, credit unions are, in effect, customer-owned financial institutions. This distinguishes credit unions from commercial banks, which are shareholder-owned financial institutions. When the caisses populaires that comprise the Quebec-based Caisses Desjardins system are considered, then over one-third of Canadians are members of customer-owned financial institutions.

Being customer-owned means being customer-aware and customer-connected. As a result, credit unions regularly rank high in customer service comparisons with other financial institutions. As an example, for the ninth consecutive year, Canadians ranked credit unions first in overall Customer Service Excellence among all financial institutions in the 2013 Ipsos Best Banking Awards survey. Credit unions also took sole honours in the categories of Branch Service Excellence and Values My Business. In addition, credit unions tied for first place in the categories of Financial Planning and Advice, Mobile Banking Excellence, Automated Telephone Banking Excellence and Live Agent Telephone Banking Excellence.

Many credit union members are business people, and credit unions are a significant provider of financing and financial services to small and medium-sized businesses. Decision-making at credit unions is local, and consequently, credit unions can be agile in providing services that meet the particular needs of a business. It is not surprising, therefore, that in May of this year, the Canadian Federation of Independent Business released a survey of its small business members that reported on its members' views that credit unions outperform all banks in serving the financial needs of small and medium-sized businesses.



Research shows that small and medium-sized business owners believe credit unions outperform banks in serving their financial needs. ISTOCKPHOTO.COM

"Credit unions and the credit union system have developed innovative financial solutions in areas such as micro-lending, socially responsible investments and community-based financial literacy."

Credit unions are connected to their communities, provide their services at over 1,700 branch locations across Canada and employ over 27,000 Canadians from these communities. In some cases, they are the only financial institution that is physically present in a community. Credit union members have access to one of the largest surcharge-free ATM networks in Canada.

The member and community focus of credit unions is a driver of innovation in the credit union system. Credit unions and the credit union system have developed innovative financial solutions in areas such as micro-lending, socially responsible investments and community-based financial literacy. They have also introduced pioneering technology like mobile cheque deposit and remote teller capacity for the convenience of their members.

As smaller financial institutions, credit unions must often contend with regulations that are designed with larger financial institutions in mind. For this reason, the credit union system is supportive of the federal government's efforts to reduce regulatory red tape and to provide a "small business lens" to all regulation-making. The credit union system is also supportive of an effort by the federal government to find ways of assisting the growth of small financial institutions.

Credit unions vary considerably in size, with the largest exceeding $10 billion in assets and the smallest several million. But all credit unions share a commitment to their members, to their communities and to a shared set of co-operative principles. These principles include a concern for community. One demonstration of this concern is illustrated by the contribution that credit unions made last year in the amount of $35.6 million in financial contributions, in-kind donations and volunteerism in their communities. Credit unions also demonstrate a concern for the international community through domestic and international programs that support credit union development and poverty alleviation in less-developed parts of the world.

Credit unions are highly valued by their members and their communities. Interested in learning more about credit unions? To find your closest credit union, use this easy locator at www.locator.cucentral.com. You will be given a friendly welcome at the credit union and will receive useful information from knowledgeable staff about how the credit union can help you to meet your financial objectives. And, if you decide to join the credit union, you will be joining a large active community of many Canadians who look to credit unions to satisfy their financial needs and goals.



A trusted credit union partner

Credit unions trust CUMIS to protect the personal, financial and business needs of their members. Our team of experts guides credit unions to the right insurance and insurance-based wealth management solutions for their strategic business needs.

Contact CUMIS today
1-800-263-9120
www.cumis.com

CUMIS®

CUMIS® is a registered trademark of CUMIS Insurance Society Inc. and is used under license.

By the numbers

$130.8 billion
Canadian credit union loans at end of Q2 2013

7.3%
Increase in Canadian credit union assets over Q2 2012

336
Credit unions in Canada

$35.6 million
Contributions by Canadian credit unions in 2012 through financial contributions, in-kind donations and volunteerism

Source: Credit Union Central of Canada. Data for credit unions and caisses populaires affiliated to CUC.



A recent survey found that 76 per cent of credit union employees did volunteer work during their time off. ISTOCKPHOTO.COM

SOCIAL RESPONSIBILITY

Contributions add up

Credit unions across Canada provided more than $35.6 million to communities last year through financial contributions, in-kind donations and volunteerism, according to a recent Credit Union Community Involvement Survey.

The 12th annual survey shows that in 2012, Canadian credit unions gave nearly $28.5 million through donations and sponsorships; donated $1.2 million to charitable foundations; provided almost $2.1 million in donations-in-kind; and awarded $1.4 million in scholarships and bursaries. In addition, largely by reducing or waiving service charges, credit unions contributed more than $2.4 million in financial services to community organizations.

Cheryl Byrne, vice president of knowledge services at Credit Union Central of Canada, the national trade association for the Canadian credit union system, says the report was released on October 17 to coincide with International Credit Union Day, as a way "to remind Canadians that being a member of a credit union has so many benefits. Our continued goal of co-operation enables us to be diligent on our focus on building stronger communities."

The survey of credit unions found that 76 per cent of employees, representing their credit unions, volunteered during time off, an increase from 69 per cent a year ago. More than half (55 per cent) also said their employees participated in community activities as part of their paid work, an increase from 51 per cent. Volunteerism has become an integral part of employee performance evaluations for 38 per cent of responding credit unions – up from 32 per cent last year.

Ms. Byrne says the initiatives that Canadian credit unions support include economic development and housing; environmental causes and disaster relief; health and long-term care; educational programs and facilities; and arts, culture and sports. Across Canada, the majority of contributions were made locally, but credit unions also supported international causes.

To assist credit unions with their social responsibility efforts, Credit Union Central of Canada launched an online resource centre in 2011 called the Credit Union Social Responsibility InfoHub. It provides guidelines and tools for how to build a business case for social responsibility; shares credit union social responsibility success stories; promotes webinars on credit union social responsibility topics; and links to a landmark publication called *Credit Union Social Responsibility: A Road Map for the Development of a Sustainable Strategy*.