



# INTERNATIONAL UPDATE

## WORLD COUNCIL

Daniel Burns  
Chairman  
World Council of Credit Unions

# Thank you, Korea



**Dr. Chulsang Moon**  
*Chair & President  
Board of Directors  
World Council  
Of  
Credit Unions*



**Hwan-yong Lee**  
*Chief Executive Officer, Administration*



**NATIONAL FEDERATION OF KOREA  
(NACUFOK)**

# Elenita V. San Roque

World Council Recognizing Elenita San Roque at WCUC for her leadership as a CEO of Confederation of Asian Credit Unions and for receiving the prestigious global Athena Award from World Council's GWLN program.



**Elenita V. San Roque**  
*Chief Executive Officer*

**ASSOCIATION  
OF ASIAN CONFEDERATION  
OF CREDIT UNIONS**

# We are the global



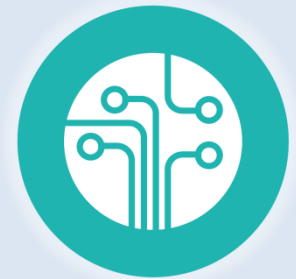
Trade  
Association



Development  
Agency



Foundation



Digital  
Services Provider

## for CREDIT UNIONS

**We believe** all people should have access to quality financial services.

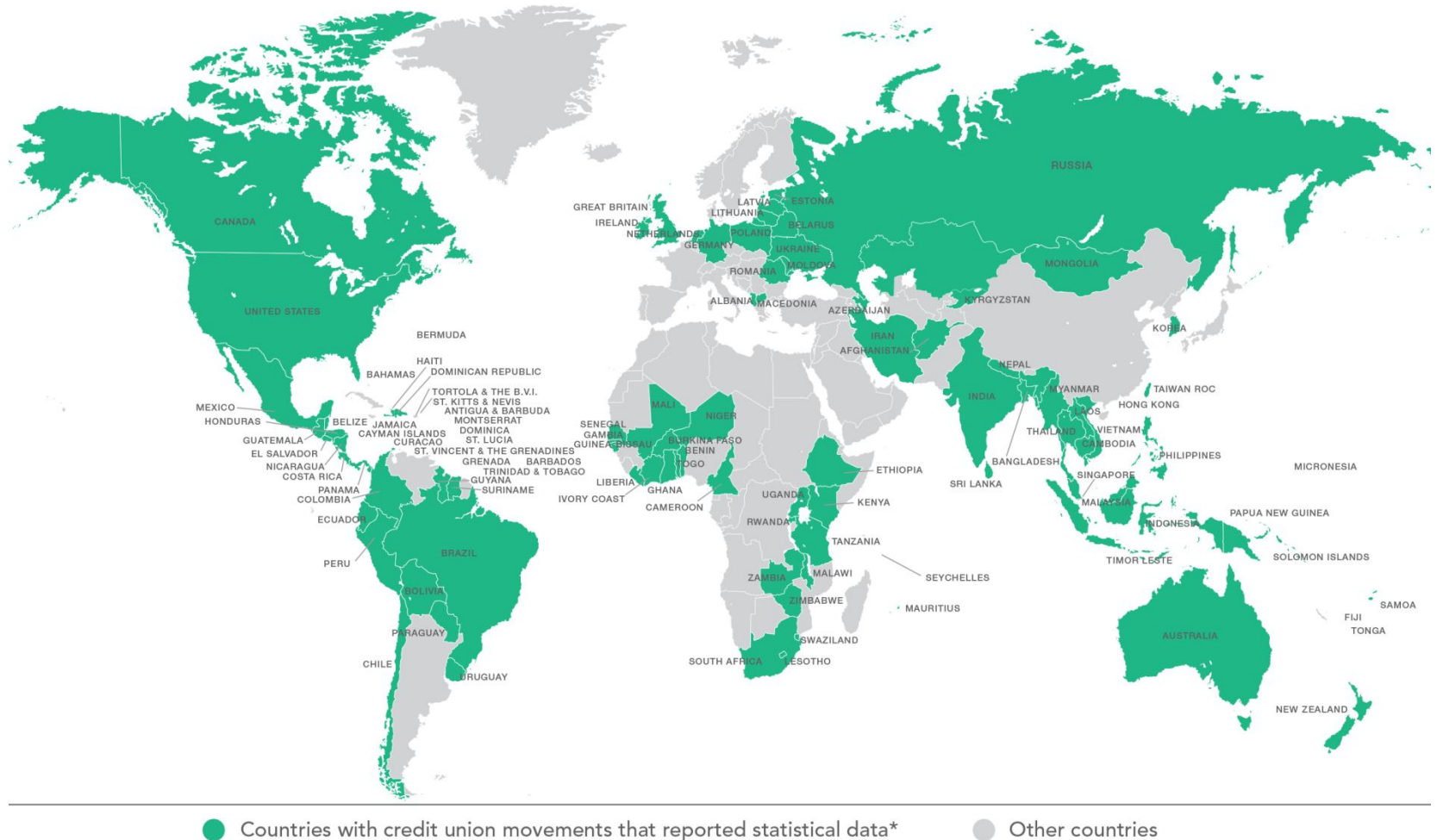
**Our mission** is to improve lives through credit unions.

**Our vision** is to expand financial inclusion worldwide through the global credit union community.

**Our value proposition:** World Council builds, champions, defends and grows a global credit union community that improves lives.

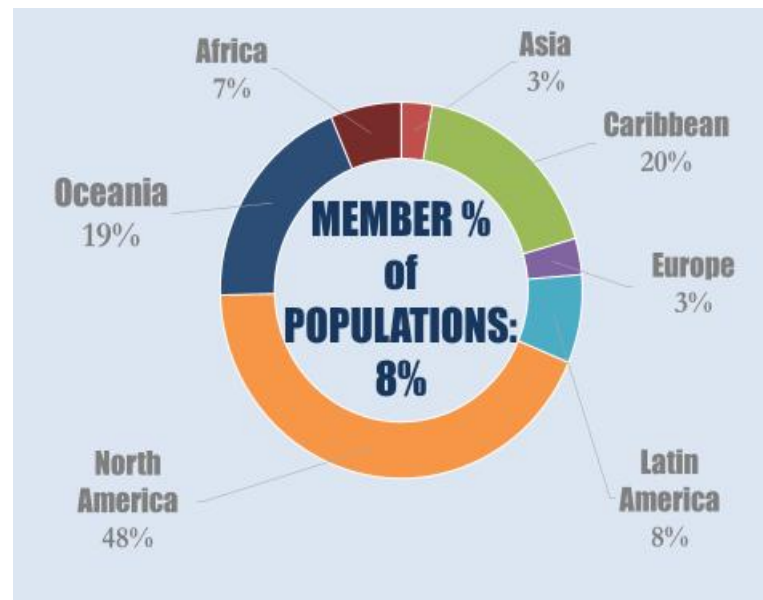
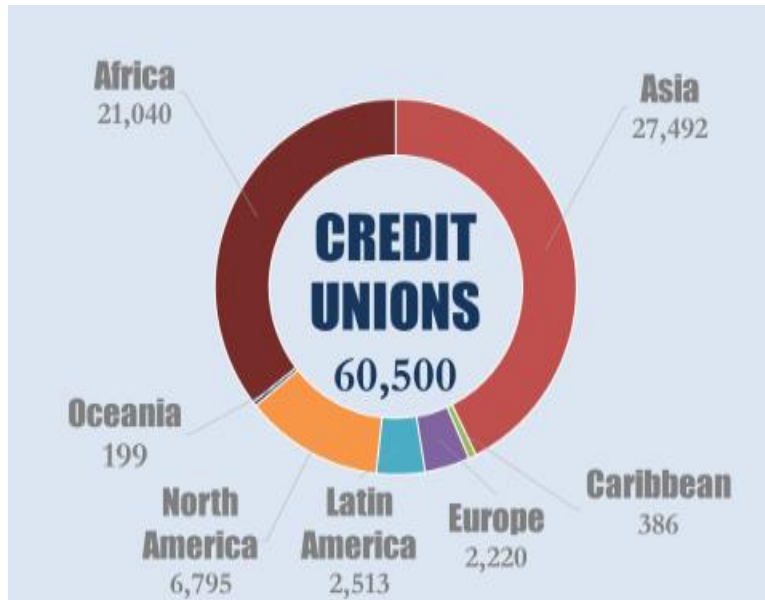
# Credit Unions Worldwide

**109 Countries • 60,500 Credit Unions • \$1.8 Trillion in Assets  
Serving 223 Million Members**



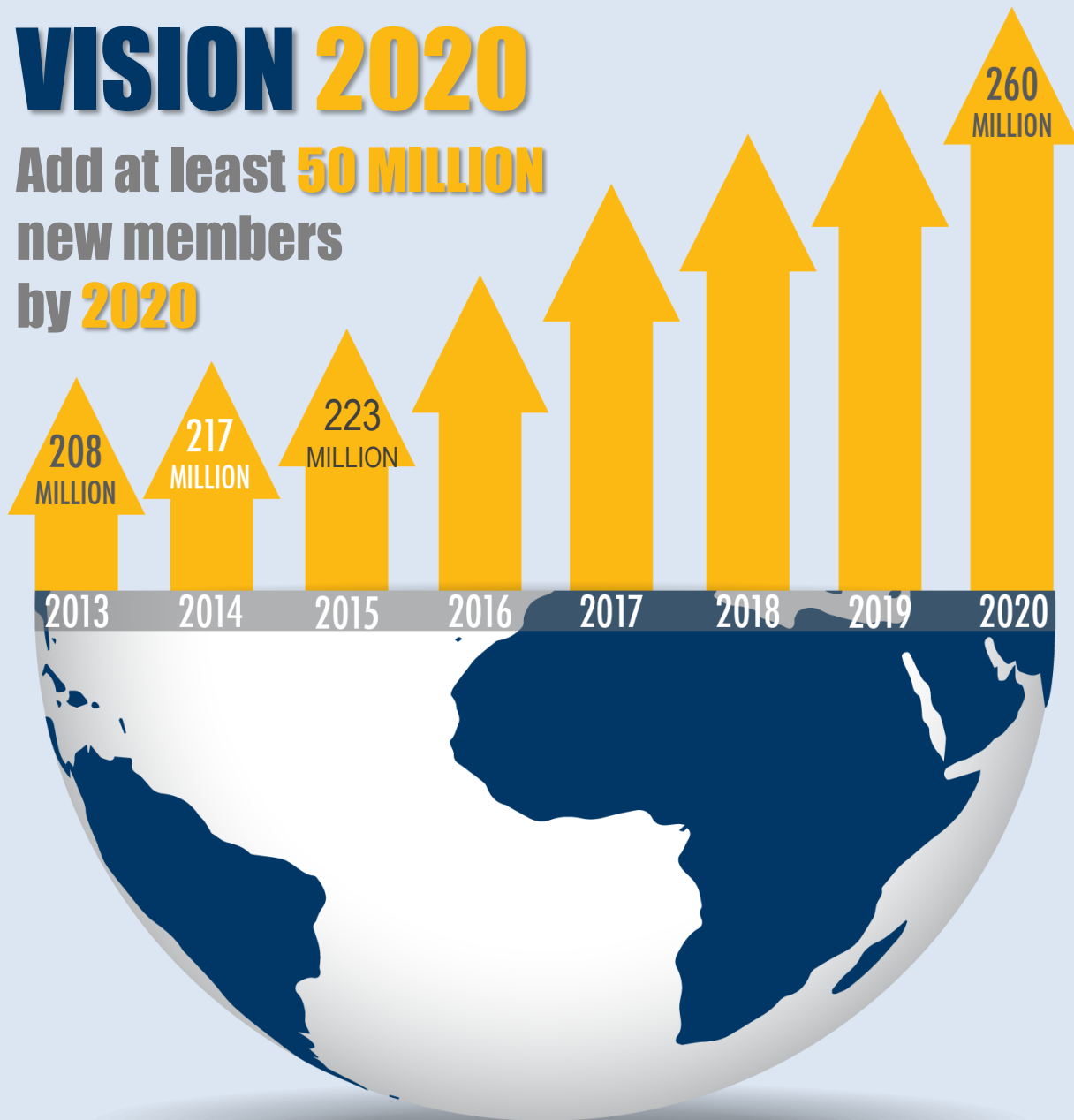


# GLOBAL INDICATORS



# VISION 2020

Add at least **50 MILLION**  
new members  
by **2020**



**World Council**  
of Credit Unions

# North America Snapshot

	USA	CANADA
Number of Credit Unions	6,100	695
Membership	103.7 million	10.3 million
Market Penetration	48.8%	44.1%
Savings and Shares	\$1.0 trillion	\$201 billion
Assets	\$1.2 trillion	\$249 billion
Loans	\$796 billion	\$208 billion



# North America Snapshot

## United States

- Banks hold \$15.6 trillion in assets vs. \$1.2 trillion in assets for credit unions.
- Credit unions have 49% penetration in the market.

## Canada

- Banks hold \$3.5 trillion in assets vs. \$249 billion in assets for credit unions.
- Credit unions have 44% penetration in the market.

# Global Challenges for Credit Unions

Regulatory  
Burden



Payment  
Innovations



Young  
Membership  
Growth



Small CU  
Sustainability



Market  
Disruptors



**World Council  
of Credit Unions**

# REGULATORY BURDEN





Advocate on behalf  
of World Council  
members to:

Limit unnecessary  
regulatory burdens

Ensure support of  
credit union  
features such as  
the cooperative  
structure

Improve credit  
unions' regulatory  
operating  
environments in a  
safe and sound  
manner





# Advocacy & Governmental Affairs

Represent  
credit unions  
worldwide before  
international  
standard setters:

Bank for International  
Settlements

International  
Accounting Standards  
Board

Financial Action Task  
Force

Financial Stability  
Board

European Union

World Bank

United Nations



# Regulatory and Tax Scenarios

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- International financial regulatory standards seek to correct problems created by large, internationally active banks engaged in more complex financial activities than CUs engage in.
- The rules impose huge regulatory compliance costs.
- CUs are not as able to bear the regs' compliance costs because of their smaller economies of scale and limited capital formation options.
- But national/provincial authorities often have little choice but to implement the international standards with respect to CUs because of pressure by IMF, the World Bank, the G20 and/or EU institutions.
- High compliance costs/ taxes lead CU managers to consolidate to create larger economies, leading to fewer, larger institutions, which makes it harder to advocate for limiting regulatory burdens in general (since larger institutions are better able to bear the costs, policymakers are less likely to make exceptions).
- The credit union movement's biggest political strength is the votes that its members can deliver, if they are motivated by CU identity.



## Recent Developments in International CU Advocacy:

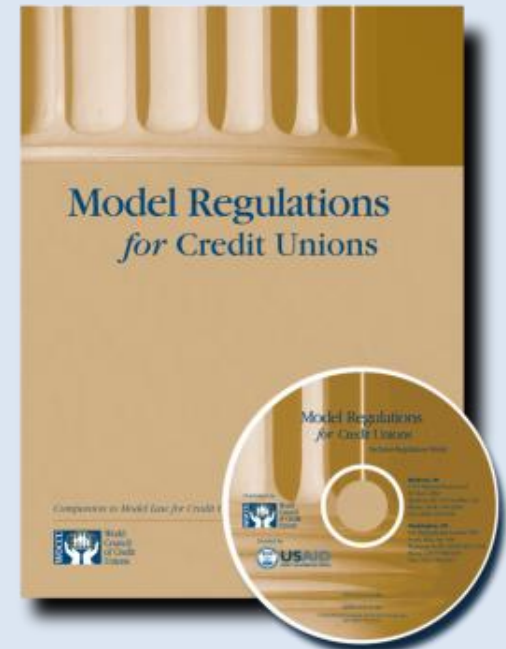
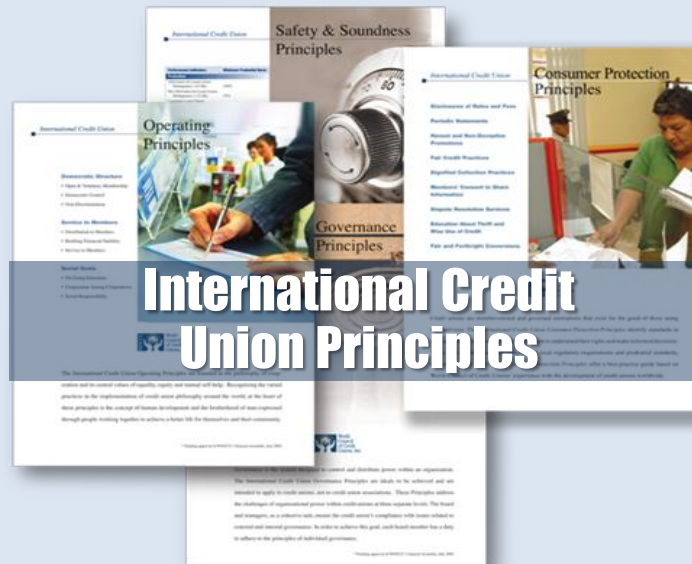
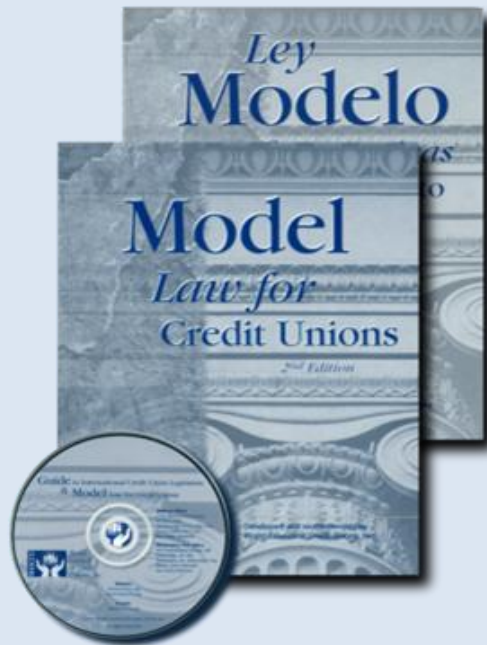
- FATF guidance on correspondent banking and money transfer businesses.
- BCBS proposal defining CUs as “nonbanks”.
- BCBS proposed revisions to Basel III standardised approach & leverage ratio.
- FSB and BCBS on “Total Loss Absorbing Capacity” (TLAC).
- IASB on co-op

# Profile Best Case Regulatory/Tax Impact Scenario

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- New regulatory compliance burdens are limited.
- CU/coop model respected by Basel, IFRS, and other international rules.
- CUs' preferred corporate income tax status is preserved in most countries.
- More consumers learn about CUs, are attracted to the cooperative model and join CUs in developed countries. CU assets continue to grow in real terms, but at a faster rate.
- Developed CU systems gain market share beyond their historical 6% average.
- CU merger trend continues but at a slower pace, helping to maintain a vibrant CU movement with enough smaller CUs and CU identity to remain distinct from the banking industry.

# Best Practices



# PAYMENTS





# Payments Innovation



Mobile Payments



Internet Banking



Near Field Communication

# MARKET DISRUPTORS



New entrants



Google wallet

WOOLWORTHS LIMITED





# Non-Traditional Entrants

## Lending



## Personal Finance



## Payments



## Retail Investments



# FinTech

1,000 Companies  
\$12.7B Funding

See the updated scan and more:  
[venturescanner.com/scans/  
financial-technology](http://venturescanner.com/scans/financial-technology)

## Institutional Investments



## Equity Financing



## Remittances



## Consumer Banking



## Financial Research



## Banking Infrastructure



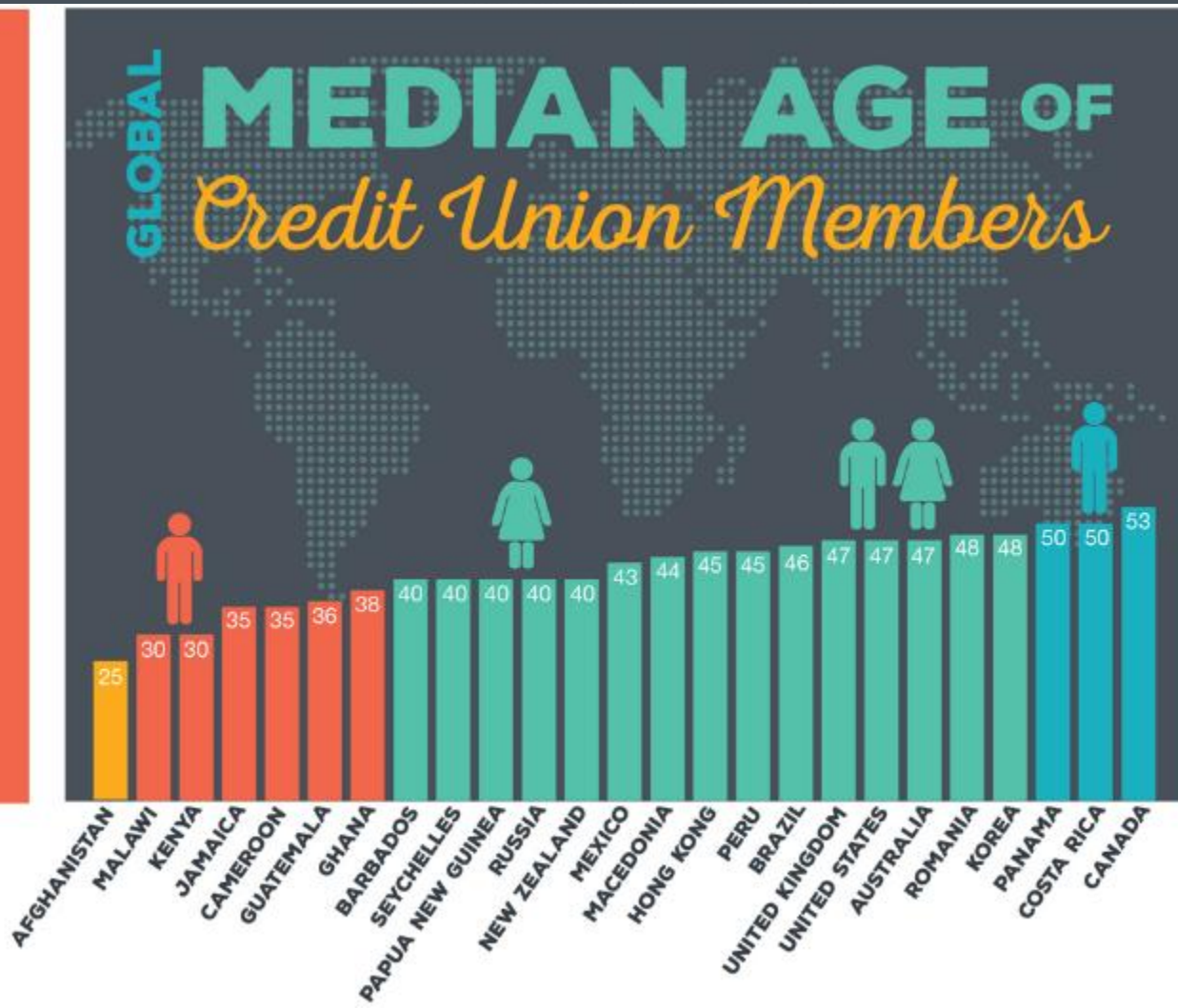
Venture Scanner

# YOUNG MEMBERSHIP GROWTH





# INTERNATIONAL LESSONS FOR **YOUNG ADULT** MEMBERSHIP GROWTH



Source: 2014  
World Council Survey

# INTERNATIONAL LESSONS FOR **YOUNG ADULT** **MEMBERSHIP GROWTH**

Our global population of  
**7.2 billion people** includes:



6.6  
billion  
mobile  
subscribers

3  
billion  
internet  
users

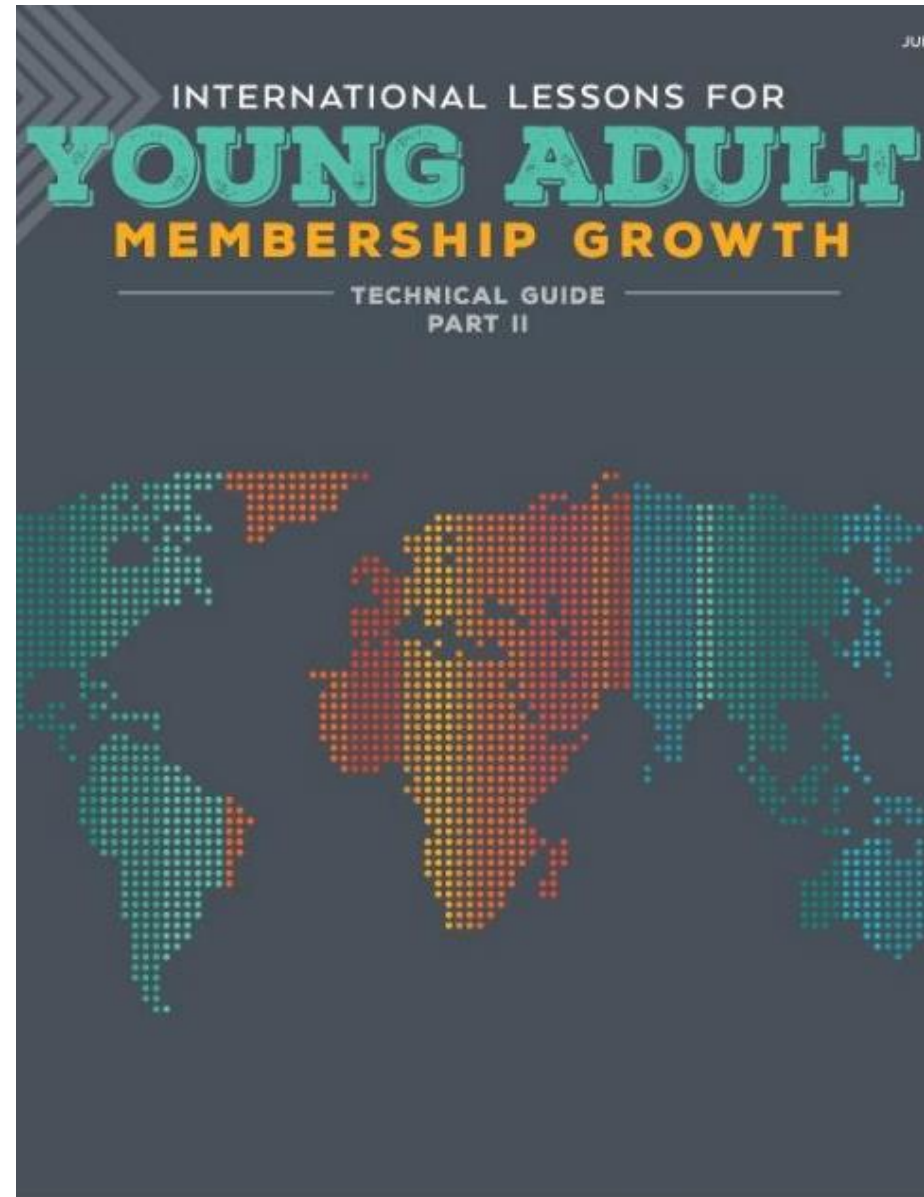
2.5  
billion  
unbanked

*Using technology,*

**CREDIT UNIONS HAVE  
AN OPPORTUNITY TO  
INCREASE FINANCIAL  
INCLUSION WORLDWIDE.**



# Best Practices

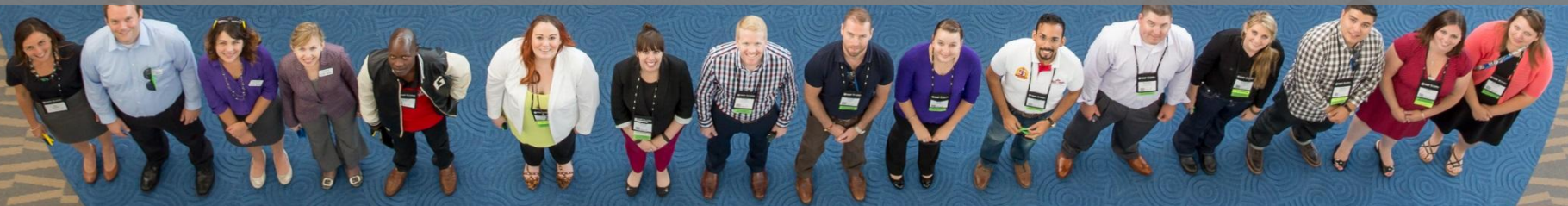




# World Council Young Credit Union People Program



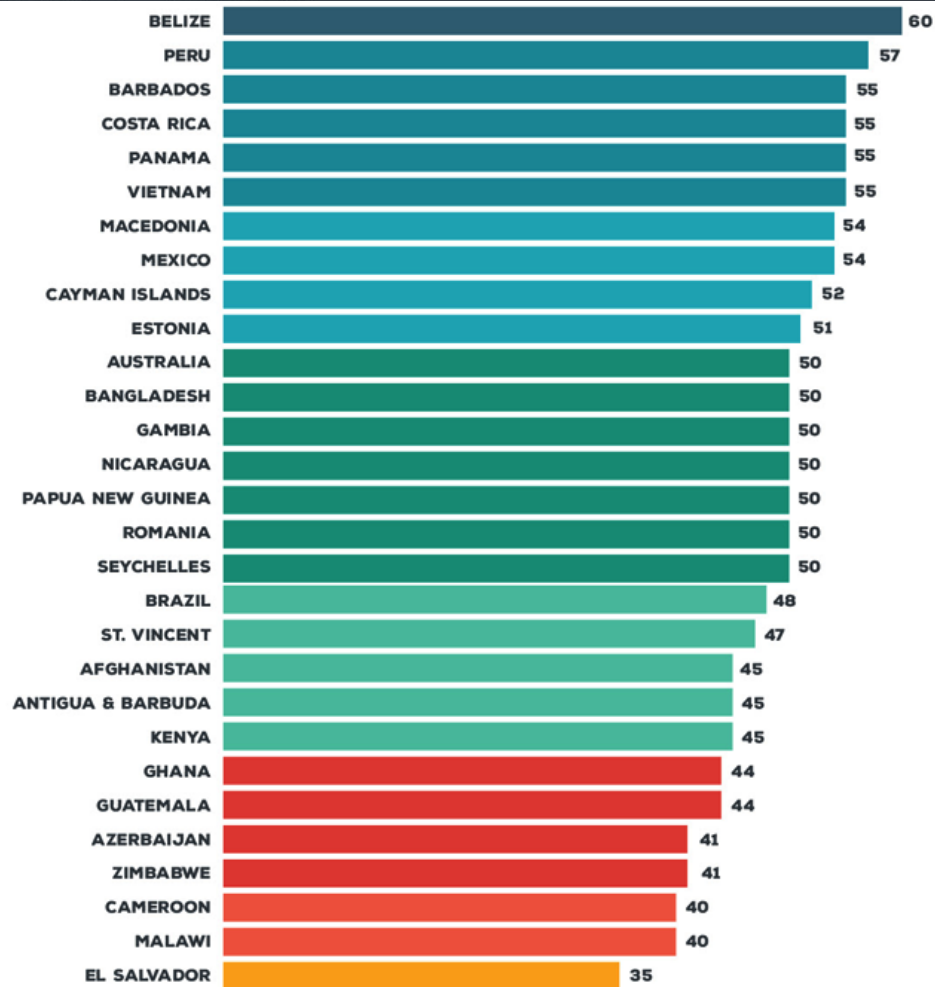
Scholarship & event that engage the  
next generation of credit union leaders





# INTERNATIONAL LESSONS FOR YOUNG ADULT MEMBERSHIP GROWTH

GLOBAL  
MEDIAN  
AGE  
*of*  
CREDIT  
UNION  
Board  
Members



Source: 2014 World Council Survey

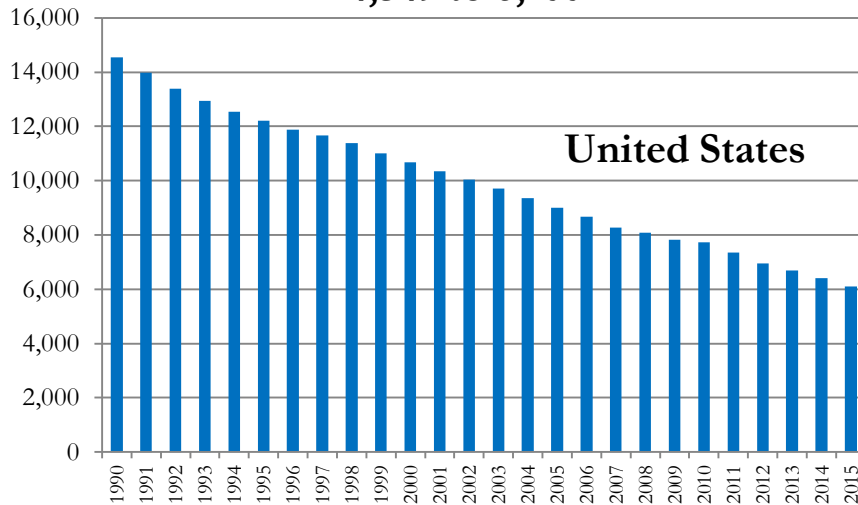
# SMALL CREDIT UNION SUSTAINABILITY



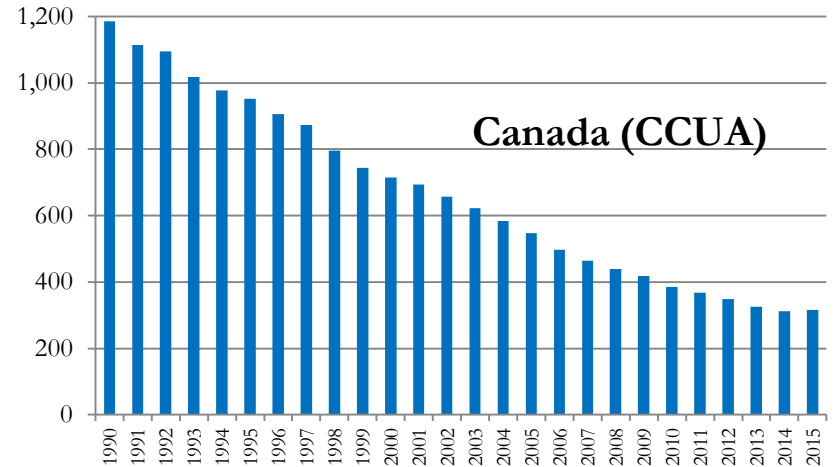
**SMALL CREDIT UNION**

# Financial Consolidation

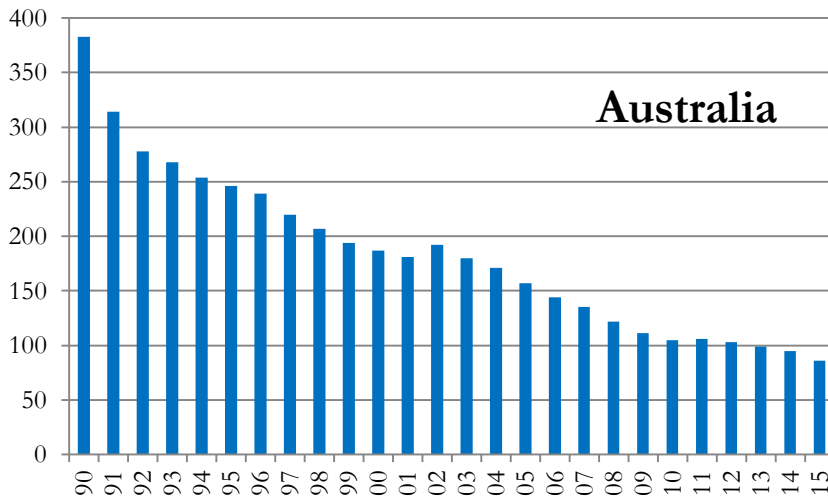
14,549 to 6,100



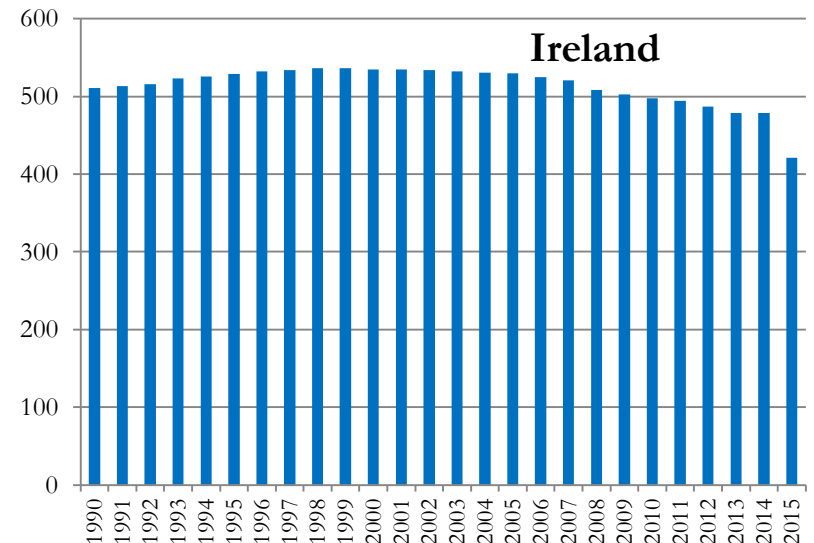
1,186 to 315



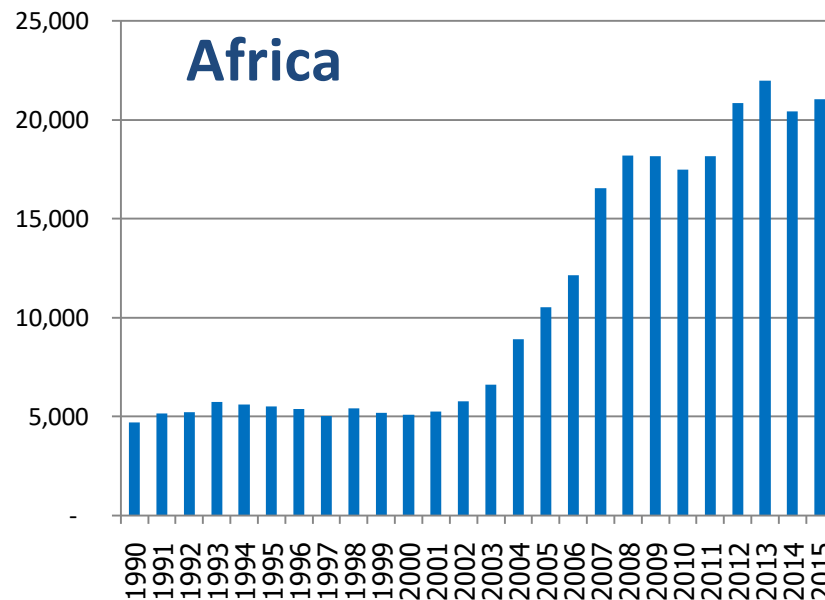
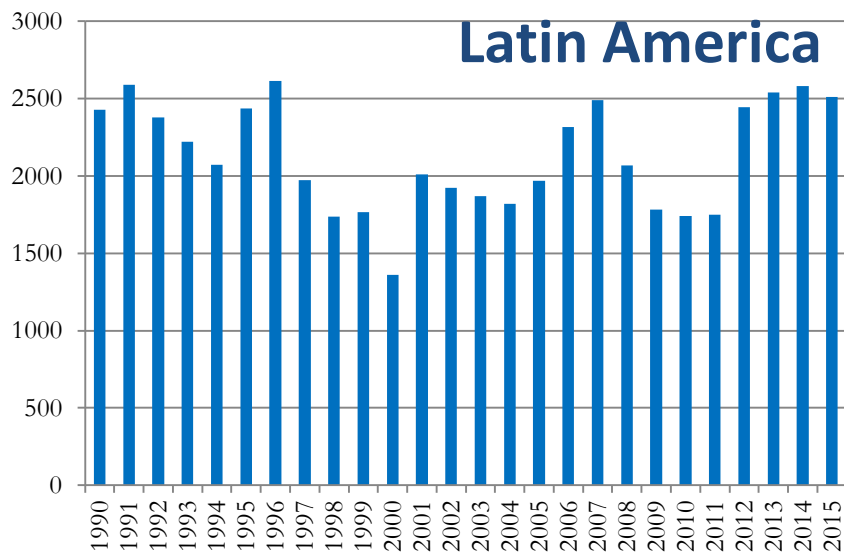
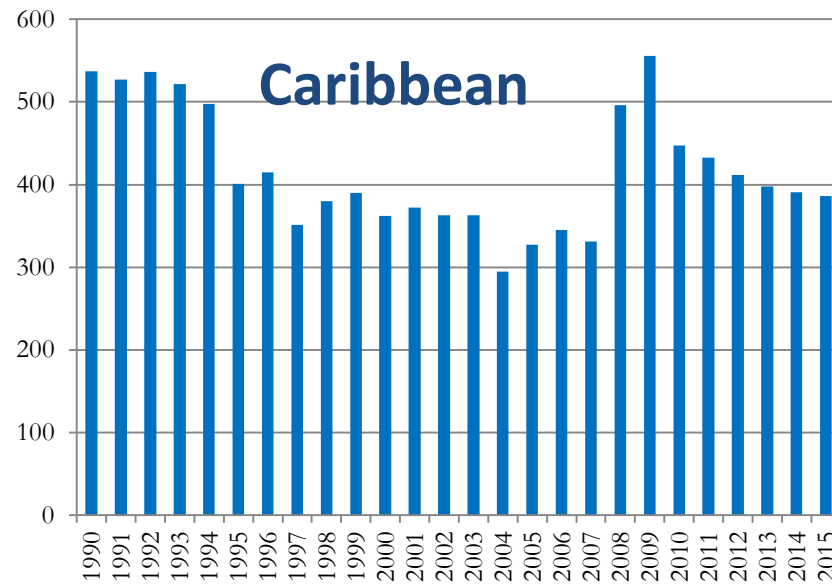
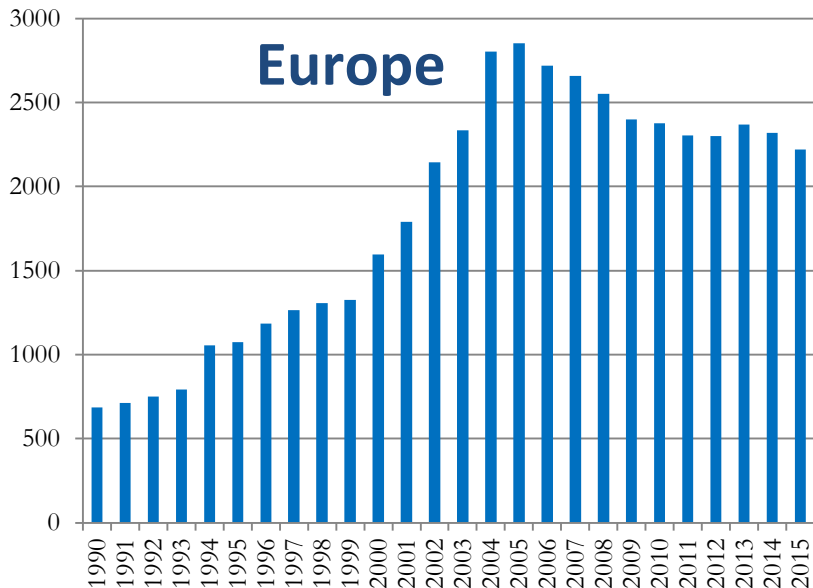
383 to 86



511 to 421



# Financial Consolidation



# BUSINESS COLLABORATION MODELS

Brazil



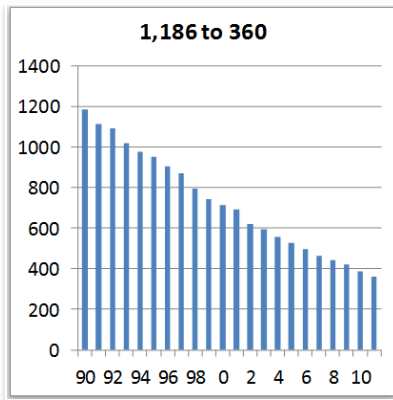
Mexico



United States



Korea



Poland



# Trade Association



Advocacy  
Education & Networking  
Resources for Strengthening & Growth



**World Council**  
of Credit Unions



# International Credit Union Day



INTERNATIONAL  
**CREDIT UNION**  
DAY®  
OCTOBER 20  
2016



Every third Thursday of October since 1948  
**#ICUday**

# **WORLD CREDIT UNION CONFERENCE**

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**VIENNA 2017**

WORLD CREDIT UNION CONFERENCE

**AUSTRIA**

**23-26 JULY**

# Regional Workshops



December 1-2, 2016 Bangkok, Thailand

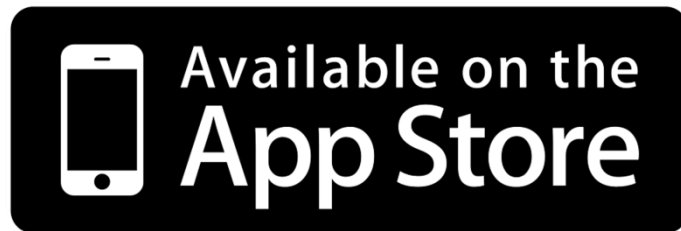


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of Credit Unions**



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