




**DiD**  
Appui technique et investissement en finance communautaire



**ASIAN CREDIT UNION FORUM 2013**

**Federated vs Atomized Credit Union networks**  
Comparison of key characteristics


 Азиатски кредитни съюзи  

 Développement International  

 Desjardins  
 Développement international


## Introduction:

- ▣ Opening
- ▣ Objectives of the presentation
- ▣ Key networks characteristics
- ▣ Integration criteria
- ▣ Conclusion


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## Développement international Desjardins in a nutshell

- ▣ A Canadian organization founded in 1970, specializing in technical support and investment and the proximity finance sector.
- ▣ 60 partner institutions, including 25 networks.
- ▣ DID supports organizations in more than 25 countries.
- ▣ Business volume of more than 24 million CAD\$ in 2012.
- ▣ A component of the Desjardins group, the largest financial cooperative group in Canada.


 Développement international
 

 N. 3

## DID's Mission

Increase empowerment among disadvantaged populations by facilitating access to a diverse range of financial services and by developing individual and community assets.






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## Presentation's objectives

- ▣ Introduce Network's characteristics / Integration criteria
- ▣ Compare Federated to Atomized networks
- ▣ Share the benefits of Federated networks


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## Network's governance Four Integration Criteria

1. Pooling or sharing of resources;
2. Standardization of operations, service, manuals, policies, image.
3. Contractual solidarity: interconnecting vessels, liquidity management, territory;
4. Self-discipline and rules of governance: affiliation, delegation of powers, fair membership fees.


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### Governance of a Network Key characteristics

1. <b>Pooling or sharing resources</b>	<ul style="list-style-type: none"> <li>✦ Grouping of services (sharing of expertise, purchasing)</li> <li>✦ Access to support services (liquidity management, exchange rates, payroll, training, staffing)</li> <li>✦ Collective ownership (insurance company, ATMs)</li> </ul>
2. <b>Standardization of operations</b>	<ul style="list-style-type: none"> <li>✦ Standardization of operating systems: accounting, information technology, control, MIS</li> <li>✦ Standardization of policies and standards: credit, financial.</li> <li>✦ Standardization of products: rates, term, collateral, fees</li> <li>✦ Institutional image: logo, advertising, representation</li> </ul>
3. <b>Contractual solidarity</b>	<ul style="list-style-type: none"> <li>✦ Control of the opening of points of service</li> <li>✦ Balancing the size of the first-tier (Credit Union)</li> <li>✦ Fair membership fees paid to the network</li> <li>✦ System of interconnecting vessels</li> <li>✦ In-house security mechanisms: insurance, contingency funds</li> <li>✦ Central Liquidity Facility: external funds, risk sharing</li> </ul>
4. <b>Governance and self-discipline</b>	<ul style="list-style-type: none"> <li>✦ Structure of democratic representation and centralization of power</li> <li>✦ Principle of subsidiarity: 2<sup>nd</sup> tier ≠ substitution of the Credit Union</li> <li>✦ Supervision, sanctions</li> <li>✦ Affiliation and disaffiliation mechanisms</li> </ul>

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### Integration Criteria # 1

#### Pooling or sharing resources

- Access to support services (liquidity management, exchange rates, payroll, training, staffing)
- Collective ownership (insurance company, ATMs)
- Grouping of services (sharing of expertise, purchasing)

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### Integration Criteria # 2

#### Standardization of operations

- Standardization of operating systems: accounting, information technology (M.I.S.), internal control, supervision, human resources;
- Standardization of policies and standards: credit /lending, financial, investments, ;
- Standardization of products: rates, term, collateral, fees;
- Institutional image: logo (banner management), advertising, representation, etc..

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### Integration Criteria # 3

#### Contractual solidarity

- Control of the opening of points of service;
- Balancing the size of the first-tier (Credit Union);
- Fair membership fees paid to the network;
- System of interconnecting vessels;
- In-house security mechanisms: insurance, contingency funds;
- Central Liquidity Facility: external funds, risk sharing

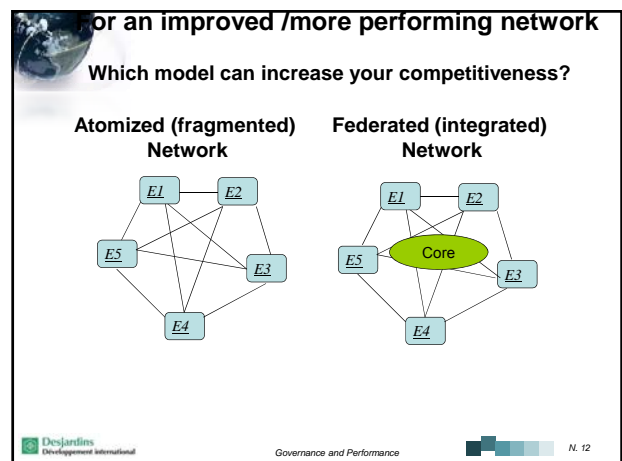
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### Integration Criteria # 4

#### Governance and self-discipline

- Structure of democratic representation and centralization of power;
- Principle of subsidiarity: 2<sup>nd</sup> tier ≠ substitution of the Credit Union;
- Supervision, sanctions;
- Affiliation and disaffiliation mechanisms;

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### Federated network governance Integration challenges

Criteria	Cycle of Evolution
1. Sharing resources (pooling)	Simple (except in the case of acquisitions)
2. Standardization of operations	Compromises
3. Contractual solidarity	Form something new
4. Governance and self-discipline	Maturity

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### Governance of a Network The Federation's Perspective

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### Governance of a Network The Credit Union's Perspective

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### Governance of a Network The Members' Perspective

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### Governance of a more federated/integrated Network Federation, C.U., Member?

- Who will make the difference between having a well-integrated network or one that isn't?
- Where does the change begin?

**The key factor = the Credit Union's point of view**

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### For a more integrated / efficient Network

- League / federation leadership addressing the Credit Union's issues
- Credit Union applying cooperative principles and getting involved in the integration process
- Increased competitiveness

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***"Action without vision  
is just a waste of time.  
"Vision without action  
is just a daydream."***

***Anonymous***

A collage of images including a globe, musical notes, and a treble clef. The globe is in the top left corner, and the musical notes and treble clef are in the center. The word "Conclusion" is written in large, bold, black letters below the collage.

# **Conclusion**