



Building Sustainable Credit Unions in Asia

Helping people fulfill their dreams through the credit union.



ANNUAL REPORT 2006/2007



**ASSOCIATION OF
ASIAN CONFEDERATION OF CREDIT UNIONS**

Serving credit unions for more than 36 years

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262 Asian Development Educators Join the Ranks



President's Message

Assoc. Prof. Sawat Saengbangpla, Ph.D.



To the delegates, CEOs and credit union leaders in Asia:

I am honored to be President of the Association of Asian Confederation of Credit Unions commencing September 2006. I am privileged to follow a succession of ACCU Presidents who have led great accomplishments and grateful to the present and past Board members and Delegates, for working hard to position ACCU at the highest level of credibility which we now enjoy. The management and CEOs deserve our appreciation for working hand in hand to provide members with professional development programs designed to reach our shared vision of **Sustainable Credit Unions in Asia**.

ACCU has 36 years of evolving experience in credit union development, starting from promotion, to developing leadership, to institutional development and professionalization. Today ACCU can be considered as a matured organization but maturity does not only reflect on the capacity of the organization to innovate its product and services, but most importantly its capability to maintain an appropriate structure to fulfill its mission effectively.

The Board of Directors carefully evaluated every single recommendation on the Bylaws and policy changes. From an organizational standpoint, the Board's highest priority is the sustainability of the organization and the preservation of solidarity in Asian credit unions. During this review, the Board considered that the best interests of members were represented in every decision taken. Since the Boards are volunteers, our main role is to ensure that ACCU will stand firm and strong as it matures - enabled to focus on crucial strategic issues facing the organization in the years to come. Understanding the current scenario within which ACCU is operating may assist in understanding the proposed changes by the Board.

I take this opportunity to thank all member organizations and development partners for the trust given to ACCU during these 36 years.

Considering the broad range of member services and diversified interests, ACCU's accomplishments are truly amazing.

Thank you very much.

Credit Union Development Review

Ranjith Hettiarachchi
Chief Executive Officer



It is my pleasure to share with you my report for the year 2006/2007, which was an exceptional and challenging year for us. I would like to express my profound gratitude to every one of our members, Delegates, CEOs and leaders who made it all happen. The achievements ACCU have earned today can be attributed to their enthusiasm, dedication and teamwork.

ACCU dedicates its efforts to the achievement of solutions to critical problems confronted by credit unions in Asia. We recognize that someone has to undertake wide-ranging development of tools to address vital problems and to focus on strategic themes, which will guarantee the competitiveness of credit unions in this tough market environment.

For the last two years, we have been reporting the progress of the Road Map 2004-2009. This year's annual report also highlights the achievements of the Road Map and the remaining tasks for 2007 to 2009. We are also pleased to provide you with a short review of the implementation of strategies in this report.

GOAL 1 – GROWTH OF THE MOVEMENT

Today, ACCU has 16 Regular and 16 Affiliate members from 24 countries. Last March 2007, 12 credit unions from Kalimantan, Indonesia joined the Supporter membership of ACCU. The total Supporter members to date are 21 credit unions from Australia, Indonesia, Papua New Guinea, Philippines and Thailand.

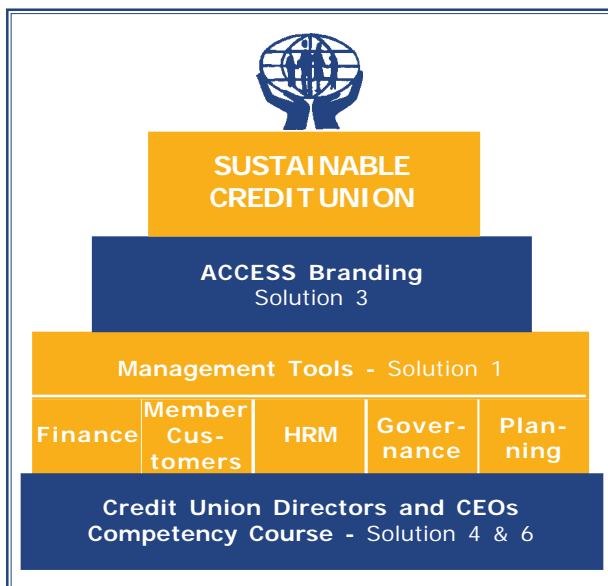
We are focused on expanding the breadth and depth of our reach across Asia as this continent is the home of more than 800 million people living in poverty. ACCU considers 'Reaching out Strategy' will continue to promote sustained future growth, as it did in 2006.

We are very proud to report that today; ACCU represents 34 million individual members from 44,658 credit unions in 24 countries; and through the demonstration of self-help and mutual assistance, the Asian people own assets totaling US\$ 59.3 billion. ACCU, representing the Asian credit union system ranks number three (by region) in the State of the Micro Credit Summit Campaign Report 2006

with 5 million outreach to the 'have less.' We consider the greatest challenge of all - is how credit unions in Asia can significantly contribute to achievement of the Millennium Development Goal, of reducing the number of poor people by half in 2015. ACCU commits to promoting opportunities that encourage creative work with the aim of increasing the number of 'have less' experiencing the benefits of credit unions.

GOAL 2 – COMPETITIVENESS

Since implementation of ACCU Road Map 2004-2009, we have greatly focused on developing Credit Union Solutions. We are very proud that these solutions are resources available to our credit unions in Asia. Central to ACCU's role is an endless imagination of technical and management innovation to keep the credit union relevance. We have developed ten credit union solutions adopting sound business practices and will ensure that the solutions keep up with changes in market environment and the complex situation in credit union operations. In this report, we unveil Credit Union Solutions 11 to 18, which are in our pipeline.



GOAL 3 – SUSTAINABILITY

Similarly, ACCESS being on ground is an exciting development to follow through. The Regulators attending the conference held in May 2007 recognized the initiatives of ACCU and its members in developing systems and tools to promote the safety and soundness of credit unions. The Regulators' endorsement of CUDCC, CUCCC, ACCESS and the Stabilization Fund creates more value to succeed in our effort to professionalize and secure the credit union system.

Our member organizations are excited and optimistic, but cautiously planning for the pilot testing of the Stabilization Fund as an 'in-system' security for credit unions. We thank Desjardins Development International's (DID) for their technical cooperation in our Stabilization Fund initiatives.

ACCU's sustainability strategy is to increase its internal reserve fund to enable implementation of its trade association and development missions. Currently, we are very proud that ACCU's core function is 100% self-sufficient and we are grateful for the assistance provided by our development partners and their continued trust and partnership with us: Canadian Co-operative Association, Cordaid, Agriterra, and Rabobank Foundation.

Finally, we wish to thank our members for their cooperation in making ACCU's existence valuable and effective for the last 36 years, we are committed to Asian credit union solidarity and we will continue to demonstrate that in our services, policies and mechanisms.

Thank you very much.

Measuring up the Achievements

Strategic Plan 2004-2009

Financial Perspective

Strategic Objective	Performance Measure
<p>Safety and soundness of established credit unions.</p> <p>Strategy: Standardization and monitoring strategy</p> <p>Improvement Actions:</p> <ul style="list-style-type: none"> • Advocacy to credit union regulators • Development of standards and policies for self-regulation 	<p>Credit Union Movement Growth in 2006 as compared with 2004</p> <ul style="list-style-type: none"> • Assets - 34 % (USD 59.4 billion) • Savings and Shares - 56.8 % (USD 52.5 billion) • Loans Outstanding - 185.5 % (USD 38.6 billion)

Member-Customer Perspective

Strategic Objective	Performance Measure
<p>Image building by demonstrating the credit union difference.</p> <p>Strategies:</p> <ul style="list-style-type: none"> • Need based and competitively priced products & services • Customer Relationship Management • Repositioning Strategy as Trusted Wealth Creation Advisor for members • Reaching Out • Market Segment Targeting <p>Improvement Actions:</p> <ul style="list-style-type: none"> • Developing tools & credit union solutions • Marketing credit unions 	<p>Credit Union Movement Growth in 2006 as compared with 2004</p> <ul style="list-style-type: none"> • Individual Members of credit unions - 219.3 % (37.9 million) • Number of credit unions - 150% (49,176 credit unions) <p>Credit Union Solutions Developed</p> <ul style="list-style-type: none"> • No. 2 - Business Development Center Operations Manual • No. 5 - Credit Union Promotion Manual • No. 7- Credit Union Microfinance Innovation (CUMI) Manual • No. 8 - Tools on Poverty Alleviation Impact Assessment • No. 9 - CU Marketing to Youth



ACCU's Three Goals:

Movement Growth; Competitiveness & Sustainability

Internal Business Processes Perspective	Strategic Objective	Performance Measure
	<p>Credit union excellence in service and soundness</p> <p>Strategies:</p> <ul style="list-style-type: none"> • Branding • Connectivity and convenience <p>Improvement Actions:</p> <ul style="list-style-type: none"> • Formulate and communicate credit union tools & solutions • Forging and facilitating partnership with reputable IT players in the market • Execute and study credit union best practices • Equip trainers of members organizations 	<p><i>Credit Union Solutions Developed</i></p> <ul style="list-style-type: none"> • CU Solution 1 - Management Tools (Credit Union Policies) • CU Solution 3 - ACCESS Brand Diagnostic Tool • CU Solution 10 - Credit Union Governance Checklist <p><i>Future Actions:</i></p> <ul style="list-style-type: none"> • Establishing Brand Department at the national federation • Branding pilot credit unions
Knowledge & Learning Perspective	Strategic Objective	Performance Measure
	<p>Optimize people resources</p> <p>Strategies:</p> <ul style="list-style-type: none"> • Changing Leadership Competencies <p>Improvement Actions:</p> <ul style="list-style-type: none"> • Formulate and communicate credit union competency skills for volunteers and professionals • Develop competence profiles required for volunteers and general managers of credit unions • Train the trainers • Provide opportunity for advance training to build the competitive advantage of credit unions based on knowledge, skills, and capabilities of its people. 	<p><i>Credit Union Solutions Developed</i></p> <ul style="list-style-type: none"> • CU Solution 4 - Credit Union Directors Competency Course (CUDCC) • CU Solution 6 - Credit Union CEOs Competency Manual (CUCCC) <p><i>Training Opportunities</i></p> <ul style="list-style-type: none"> • Annual Asian Credit Union Forum • Asian Development Education Program • South-Asia Sub-Regional Program • Exposure Programs in Korea, Taiwan, and Thailand

REACHING OUT THE 'HAVE LESS'



Winning the Fight Against Poverty through the Credit Union

Building Credit Union Competence - As Trusted Wealth Creation Advisor of 'have less'

Asia and the Pacific, is home for 900 million poor people, nearly one third of the region's population, this is a startling fact. It is nearly one third of the region's population. ACCU is intensifying its commitment to support members and credit unions to reinvigorate their role in reaching the 'have less' in response to the Millennium Development Goals' target of reducing poverty by 50% in 2015.

The Credit Union Microfinance Innovation (CUMI) is a sustainable provision of financial services and education to the 'have less.' To ACCU, the ultimate goal for poverty alleviation is empowerment of the 'have less' wherein poor people demonstrate the ability to make choices regarding his or her life. Since credit unions are financial institutions, interventions are made on the financial lives of members, which then present social and political empowerment.

ACCU upholds the role of credit unions as trusted wealth creation advisor for members at conferences, training and credit union solutions developed. ACCU believes that any savings or loans provided by credit unions to members especially to the 'have less' will ultimately build their wealth rather than debt. Credit unions' main objective is help members reach their financial destination - the big leap out of the vicious cycle of poverty.

ACCU Takes Part in Global Networking on Microfinance:

Along with eight heads of large Microfinance Institutions, ACCU signed the 'Microcredit Summit Commitment Statement' pledging to work with the Campaign to find and implement credible methodologies for measuring progress regarding the US\$1 a day threshold. The CUMI software on tracking human development indicators of members is underway. ACCU will launch the software at the CEOs Workshop on September 2007.

Institutionalizing CUMI service to reach the Poor:

ACCU communicated with credit unions and Federations to have greater partnership with 'have less'. The microfinance services of the credit unions using the CUMI methodology have helped 'have less' members in the Philippines, Cambodia, Indonesia, Vietnam, Sri Lanka and Nepal.

Following are the achievements of ACCU's intervention on poverty alleviation in credit unions:

- 110,271 new 'HAVE LESS' members in credit unions with savings of US\$ 4.1 million are given the opportunity to grow and be empowered
- ACCU, representing the Asian Credit Union System ranks number three (by region) in the State of the Micro Credit Summit Campaign Report 2006 with 5 million outreach
- Developed the Credit Union Solution Series No. 2 Business Development Center Operational Manual
- Intensified commitment to reach an additional 90,000 'Have Less' members by end of 2007 at the Regional Workshop on BDC last Sept. 2006
- 15 credit cooperatives and 4 training institutes agreed to introduce CUMI in Myanmar
- Developed curriculum for Wealth Creation Advisory Role in Credit Unions, which will evolve as a complete solution for credit unions by the end of 2007.

Credit unions in Myanmar consider Credit Union Microfinance Innovation (CUMI) as tool to reach the 'have less.'



Credit unions can offer a better choice to this child vegetable vendor in Bangladesh





Credit Union hopefuls in Lao PDR



Capacity Building: improving the ability of credit union leaders to develop skills in financial management and fulfill their role effectively.

Reaching Out People who need credit unions

■ Lao PDR

ACCU's mission is to promote credit unions in communities where people most need them for their socioeconomic development. In the last 10 years, ACCU has been successful in bringing Cambodia, Vietnam, Mongolia, Russia, Iran and India into the fold of membership.

ACCU envisions a sustainable credit union system in Lao PDR for the empowerment of its people. ACCU believes that a strong community-based credit union can contribute to creating a favorable climate for community economic development and provides technical assistance and training funds, to develop the capacity of credit union promoters and leaders in Luang Prabang province. The project aims to consolidate the credit unions – which mean developing a solid and strong organization capable of providing sustainable and affordable financial services.

ACCU continues its partnership with the Department of Promotions and Investment of the Luang Prabang provincial Government to strengthen 69 credit unions with 4,585 individual members. The new partnership with SNV Laos and the Lao Women Union sets the target to establish two strong credit unions. A new project to expand credit unions in the northern part of Laos will be implemented in the second half of 2007 in partnership with SNV Laos. These partnerships expand ACCU's capacity to reach the remote villages of Laos as the people of partner organizations develop the skills and capacity in credit union organization and management.

■ Cambodia

ACCU continues to provide guidance to its Affiliate Member, Cambodian Community Savings Federation (CCSF) in developing a

sustainable plan for the Savings Banks Movement. Moreover, the support to Socio-Economic Development Organization of Cambodia (SEDOC) transformed the self-help groups organized by the latter into a Community Based Financial Institution (CBFIs). With the introduction of amalgamation, data as of May 2007 registers 30 CBFIs from the original 57 with total membership of 5,100 and total shares and savings of US\$ 32,450. Focused on strengthening CBFIs, ACCU developed the skills of SEDOC's staff to assist leaders with the management of CBFIs. ACCU is also discussing partnership with FLIFLY, an NGO promoting self-help groups. FLIFLY is willing to transform the SHGs into CBFIs.

■ Pakistan

A one-year project (July 2006-June 2007) on Credit Union Promotion was implemented in Pakistan with the support of Rabobank Foundation of Netherlands. The project aims to organize four new credit unions and strengthen another twelve credit unions in Karachi. The program is confronted with a huge task of increasing membership, building institutional framework and training leaders and promoters.

Capacity Building initiatives:

- **Credit Union Exposure Visit** helps promoters and leaders to visualize the actual operation of credit unions. Two credit union study visits were organized during the year.
- **In-House on the Job Training** on Financial Accounting and Reporting ensures credit union volunteers understand their responsibility regarding proper safekeeping and management of credit union funds.
- **Leadership and Credit Union Management Training** prepared Directors for their role of providing direction for the credit union's future.
- **Credit Union Planning Workshop** reinvigorated the commitment of stakeholders to increase membership of credit unions with the aim of contributing to the Millennium Development Goals.
- **Amalgamation** of small unviable credit unions creates potential for growth, efficiency and better service to members.

People can take care of their own financial destiny for as long as credit unions will be with them in their financial journey.



ACCESS Branding

Building Long-Range Competitive Capabilities, Value and Differentiation of Credit Unions in Asia



Maintaining cadre of qualified pool of ACCESS Auditors

ACCU has developed the quality assurance tool for credit unions called ACCESS, an acronym for A-1 Competitive Choice for Competitiveness and Excellence in Service and Soundness. Using the Balanced Scorecard architecture, ACCESS comprises 86 indicators on four perspectives of credit union operations – finance, learning and growth, customer-member and internal business processes.

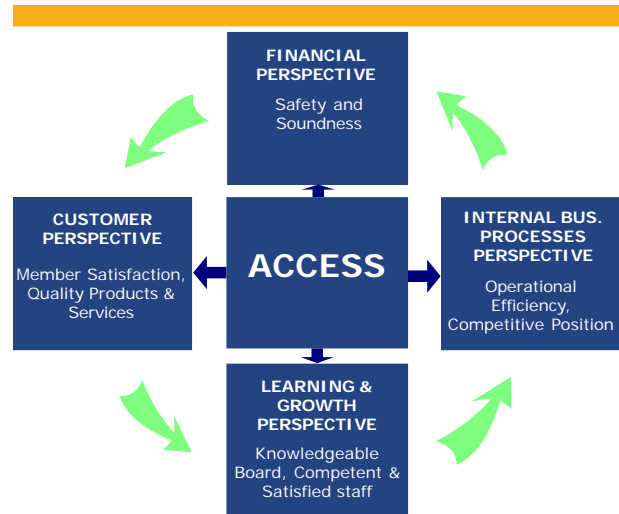
ACCU trusts that ACCESS will serve as management system that can channel the energies, abilities, and specific knowledge held by people in credit unions toward achieving long-term strategic goals. Achieving every indicator will build long-range competitive capabilities, value and differentiation of credit unions in the marketplace.

During the year, ACCU made a BIG step in positioning ACCESS on ground.

- The ACCESS Brand Auditors Training held on January 22 to 26, 2007 awarded certificates to 38 attendees from nine countries such as Bangladesh, Indonesia, Nepal, Sri Lanka, Thailand, Philippines, Mongolia, Russia, and Malaysia. To select pilot credit unions, evaluate their operations, provide technical assistance to achieve ACCESS and train auditors are the tasks assumed by the auditors. A person or persons having adequate technical training and proficiency as an ACCESS auditor must perform the audit. Building a qualified pool of ACCESS auditors, with extensive and appropriate

technical and professional knowledge in management and credit unions is the current challenge for ACCU and members.

- ACCESS Diagnostic Tool was trialed with at least 20 credit unions in nine countries. Prior to the ACCESS Auditors Training, participants carried out a diagnostic exercise to credit unions considered having high performance standards. Alarming gaps on policies, systems and management practices were evident in the diagnosis, which has prompted ACCU to consider reviewing Credit Union Solution No. 1- Management Tools (policy manual) to include solutions to the existing policy requirements by credit unions.
- ACCESS Audit System and Procedures was developed to ensure the quality of assessment made by the auditors. The manual consists of general standards, standards of fieldwork, and standards of reporting along with interpretations.
- ACCU launched the ACCESS branding project with the Philippine Federation of Credit Cooperatives & the National Confederation of Cooperatives and the Cooperative Credit Union League of Bangladesh. ACCU will support PFCCO, NATCCO and CCULB in assisting the pilot credit unions to achieve the brand within one to one and a half year's time. Further, ACCU closely worked with the Credit Union League of Thailand and Credit Union Coordination Indonesia assisting its members in adopting ACCESS as management tool.
- ACCU has committed to assist Klongchan



(Top) ACCESS (2nd & 3rd) H.E. Ambassador of the Netherlands endorses the credit union role in alleviating poverty and participants sharpening their knowledge of ACCESS

Credit Union, a supporter member of ACCU in Thailand to achieve the ACCESS brand. Klongchan CU volunteers to be part of the ACCESS action research.

- ACCESS Brand gained recognition from the Asian regulators at the 3rd Asian Cooperative Regulators Conference.



CUCC Mater Trainers

Changing Leadership Competencies

Directors and CEOs Competency Course, requirement for effective leadership, beyond fine-tuning

Two leadership functions play pivotal roles in creating favorable conditions for credit unions to succeed in today's environment – the Board and Chief Executive Officer. Each credit union has to think carefully about today's realities and ask how a Board and CEO can meet their responsibilities, or even provide a competitive advantage, given increased organizational complexity and the changing business environment.

ACCU recognizes that Boards of Directors are responsible for cooperative governance. It is their responsibility to direct the CEO, to guide the strategic direction of the credit union, develop policies consistent with that direction, and to oversee its implementation. The Board

needs to communicate with members and the public, its responsibilities are not new, but today the job is tougher and more complex.

ACCU recognizes the important role of the CEO or General Manager of credit unions. The CEO is the singular organizational position that is primarily responsible to carry out the strategic plans and policies as established by the board of directors. The CEO is responsible for the success or failure of the credit union.

Operations, marketing, strategy, financing, creation of organizational culture, human resources, hiring, firing, compliance with regulations, sales, PR, etc.—it all falls on the CEO's shoulders. Much more, the CEOs have to be well rounded in the credit union because

the Board of Directors usually changes at least every two or three years. Further, issues on the Board / CEO relationship are being experienced in many credit unions and is often weakening the ability of the credit unions to provide services to members and meet their sustainability goal.

The Credit Union CEO Competency Course (CUCCC) recognizes the competencies needed by CEOs to move credit union performance from “ordinary” to “exceptional” by exploring change from an organizational, personal and strategic perspective.

Designated as Credit Union Solution No 6, the CUCCC Training Manual was launched at the Masters’ Trainers Training on December 5-9, 2006 in Phuket, Thailand. Twenty-one trainers from 11 member organizations in 10 countries returned home with action plans to carry out competency training for the CEOs/General Managers of credit unions.

Equivalent to Credit Union Solution No. 4, Credit Union Directors Competency Course (CUDCC), CUCCC is also directly linked to the Changing Leadership Competency Strategy in the Strategic Plan of ACCU. CUDCC has been successfully implemented by ACCU through the development of the Trainers Manual and training the trainers of member organizations that in turn adopted and run the program on fee for service basis. It has been proven that CUDCC can significantly change a director and similarly, CUCCC is a course that represents an invitation and challenge to open the CEO’s mind to the wide-ranging responsibilities involved in operating credit unions in the changing landscape.

CU Solution 4 - Trainers Manual on CU Directors Competency Course & CU Solution 6 - Trainers Manual on Credit Union CEOs Competency Course



Milestones

- PFCCO and NATCCO - 371 Directors from 121 credit unions have completed CUDCC and 98 from 75 credit unions have completed CUCCC; 29 Directors were certified after successfully completing their credit unions projects
- ACCU Regional CUDCC certified 6 Directors
- Directors of the Cooperative Credit Union League of Bangladesh have completed the CUDCC; the General Meeting of CCULB made it a compulsory requirement for all Directors of credit unions to complete the CUDCC
- Mongolian Confederation of Credit Unions has translated the CUDCC manual and organized one CUDCC training
- Nepal has translated the CUDCC Manual
- CULT-Thailand has incorporated the CUDCC and CUCCC in its regular training program. 22 Directors graduated from CULT’s CUDCC first batch

Nurturing an environment of continual knowledge sharpening

ACCU provides a platform for credit union leaders and professionals to cultivate their talents and knowledge. People are the most valued assets in the credit union and it is important that one's potential is put to maximum use for the members. The following are learning opportunities ACCU offered in the year 2006/2007:

Programs in 2006/2007	Strategic Objective	Milestones
Exposure Programs		
Credit Union League of the Republic of China – Taiwan, July 9-15, 2006	To develop the availability of leaders at all levels to inspire their credit unions toward a clear vision and bold strategy.	5 leaders and professionals trained from four countries
Philippine Federation of Credit Cooperatives, September 16 to October 15, 2006		Internship of one chapter Manager from Indonesia in the Philippines
Credit Union League of Thailand, January 19-27, 2007		23 participants from 7 countries commit to increase credit union membership
NEFSCUN & CCULB Mutual Exposure Program, April 15-20, 2007		12 delegates from Nepal participated in exposure visits to Bangladesh
National Credit Union Federation of Korea, April 22-27, 2007		6 professionals created vision on E-Finance Services





Programs in 2006/2007	Strategic Objective	Milestones
Regional Programs		
<p>Asian Credit Union Forum on the Challenges of Leadership in Credit Union Management in Colombo, Sri Lanka on September 21-23, 2006</p>	<p>To increase leaders and professionals' awareness on the current issues that affect credit union growth and sustainability, and consequently become aware of solutions to cope with the challenges posed to credit unions.</p>	<p>Attended by 277 participants from 25 countries, the forum endorsed the Credit Union Directors Competency Course, ACCESS and adoption of sound business practices in credit unions.</p>
<p>9th Asian Development Education Workshop, June 3-7, 2006 in the Philippines</p>	<p>To develop a larger base of professionally skilled volunteers and professionals, who can actively promote the unique role of credit unions, by communicating cooperative principles to both member and non-member groups.</p>	<p>38 Development Educators join the ranks. (now 262). The DEs turned advocates build competencies and set high standards for their respective credit unions and movement.</p>
<p>South Asia Sub-Regional Workshop, April 19-21, 2007</p>	<p>To share the best practices of credit unions in reaching the bottom line population through the self-help and mutual help approach.</p>	<p>35 participants from INGO, NGOs, and credit unions turned advocates of credit unions.</p>
<p>Human Resource Workshop on Credit Union Management Tools, September 18-20</p>	<p>To sharpen and update the knowledge of HRD officers at national federations on sound business practices for credit unions.</p>	<p>42 professionals commit to introduce the Credit Union Solutions developed by ACCU</p>
<p>Women and Youth Workshop on Entrepreneurship Development, September 18-20</p>	<p>To develop programs and strategies to increase women and youth participation in credit unions.</p>	<p>34 presented recommendations to increase youth and women participation.</p>
<p>CEOs Workshop on September 18-20, 2006 and March 25, 2007</p>	<p>To sharpen and update the knowledge of CEOs on sound business practices as solution to current issues and problems of credit unions.</p>	<p>Six credit union solutions for credit unions developed</p>



Regulators: Active partners in building strong credit union system in Asia

Monitoring & Standardization

Actively pursuing enabling policy environment and performance standards for credit unions

One of the strategic moves in the ACCU Strategic Plan 2004-2009 is the Credit Union Monitoring Standardization Strategy. Adopting benchmarks to assess the performance of credit unions is a very important aspect of prudent management. Significant efforts have been made by ACCU and its member organizations to enable self-regulation of credit unions, however, it is recognized that external regulation is necessary for enforcement of industry standards.

The combined work of ACCU and its member organizations brought about changes in the ways cooperative regulators support credit union development. This was evident in the way regulators see the role of the national federations as partners in promoting prudential norms for credit unions and demonstrates new development possibilities, in which member

organizations of ACCU are the leading actors.

Prudential norms developed in five countries are a tangible impact of the first regulators conference organized in 2003. The 2nd Regulators' Conference shared accomplishments regarding the development of a prudential regulatory framework and identified regulations needed to ensure the safety and soundness of credit unions in Asia. The regulators reported on the prudential norms adapted from PEARLS and CAMEL.

- Bangladesh-PEARLS-GOLD
- Hong Kong-GLARES plus regulation on Good Cooperative Governance
- Nepal-PEARLS-HIMAL
- Sri Lanka-COOP-RUPEES
- Thailand-selected ratios of PEARLS and CAMELS

The 3rd Regulators Conference on the theme: Monitoring and Standardization of Credit Unions in Asia was attended by 46 Regulators and representatives of National Federations from 14 Asian countries. ACCU and its members shared with regulators the initiatives to self-regulate and standardize the operations of credit unions in Asia, in its attempt to respond to the changing market environment.

The regulators endorsed ACCESS, Credit Union Directors Competency Course (CUDCC) and the Credit Union CEOs Competency Course (CUCCC). The regulators also signified their support for the establishment of a Stabilization Fund to secure the credit unions and their individual members. Most importantly, the regulators recognized the need for a venue wherein regulators can exchange ideas, formulate plans, discuss issues and focus particularly on regulatory agenda for credit unions/cooperatives. ACCU will be taking the lead in facilitating the regulators forum.

The **Bangkok Cooperative Regulators Declaration 2007** indicating support of the regulators on the initiatives of the Asian credit union movement concluded the conference.

Regulators' Support to CUs

In principle, the regulators declared:

- to fully commit to the establishment of Asian Cooperative Regulators Forum as venue for dialogue, collaboration and exchange of information and technology and pledge to actively participate and involve in all its undertakings;
- to promote the adoption of ACCESS as quality control toolkit for credit unions and consider its possible incorporation in our respective countries regulatory framework;
- to proactively endorse for the implementation and enforcement of the CUDCC and CUCCC as a pre requisite competency course requirement for Directors and CEOs and consider its adoption in national training courses and in the administrative compliance; and
- to strongly support and complement the efforts of the Credit union sector in the establishment of the Stabilization and deposit insurance systems as mechanisms for securing the credit union financial system.



Credit Union Development Outlook for 2007/2008

Mapping the credit union future in Asia is a collaborative approach. ACCU provides a common table for stakeholders to ensure their opinions and suggestions are considered through the CEOs of member organizations and technical persons within Asia. Members value Credit Union Solutions 1 to 10, which have been developed by ACCU, because they were part of their development and through this recognition of their ownership, the solutions have become a more valued tool for the development of credit unions.

In the pipeline, are credit union solutions addressing the remaining strategies that ACCU has to work for 2004 to 2009.

Credit Union Solutions in the pipeline consist of the following:

Series	Credit Union Solution	Strategy Addressed
11	Credit Union Director Toolkit	Changing and Building Leadership Competency
12	Credit Union CEO Toolkit	Changing and Building Leadership Competency
14	Training Manual on the Role of Credit Unions as Trusted Wealth Creation Advisor for Members	Repositioning
15	Products & Services Catalogue	Competitively Priced Products and Services
16	Customer Relationship Management (CRM) Guidelines for Credit Unions	Customer Relationship Management
17	Governance Framework for Credit Unions	Monitoring and Standardization
18	MicroFranchise Operations Manual	Reaching Out the 'Have Less'



ACCU Governance Review 2006

Maintaining the confidence and trust of members

In line with the governance review of ACCU, the Delegates and CEOs of member organizations were consulted on recommendations for improvement of the governance framework of ACCU in a meeting held on September 20, 2007 in Sri Lanka. The General Meeting on September 24, 2007 appointed a Governance Review Committee, which evaluated the recommendations of the independent consultant. The bottom line of the review was the preservation of solidarity, sustainability of ACCU as an organization and that the best interests of members were considered and represented in changes made.

The Governance Committee of ACCU met on December 10, 2006 in Phuket, Thailand. Preliminary meetings were also organized by the committee members based in Bangkok on November 3 and 20, 2006 to study the consistency of the proposed changes with the Association's Law in Thailand where ACCU is registered.

The Board deliberated on the report of the committee during its 61st Board of Directors meeting in March 2007. The Board also sought feedback from the delegates on the Amended Bylaws and Policies prior to the approval of the General Meeting on September 23, 2007 in Bali, Indonesia.

In a separate workshop of the CEOs, serious attention was devoted to discussion regarding governance issues. The CEOs recommended that the credit union system in Asia at all levels



(Top) The Board reviewing the recommendations of the Governance Review Committee (below) the Committee on its December 10, 2006 meeting.

adopts governance structures, processes and practices and that ACCU will provide guidance and support through the provision of documentation where required.

Currently, ACCU is working on Guidelines for governance processes and principles to assist the Board in following business practices that serve the best interests of members.

Conducting credit union business in accordance with the highest ethical standards, in order to achieve and maintain the confidence and trust of its members and public in general is an important element of governance.

Financial Highlights

The financial statements of the Association of Asian Confederation of Credit Unions were audited by C.K.A. Auditing and Law Firm. The external auditor expressed unqualified opinion stating that the financial statements fairly present the financial position and results of operation in accordance with generally accepted accounting standards.

The total Project Fund received from development partners was USD547,617. The management ensured proper utilization of resources based on the approved budget. Consulting services and high yielding yet secure investments generated maximum net surplus for ACCU. Despite low interest income on investments, the income for this year has increased by 18% (USD127,740) compared with last year. Increasing the Reserve Fund to generate income to cover the core and development costs is a long-term strategy of ACCU.

SUMMARY OF FINANCIAL POSITION

AS OF JUNE 30, 2007

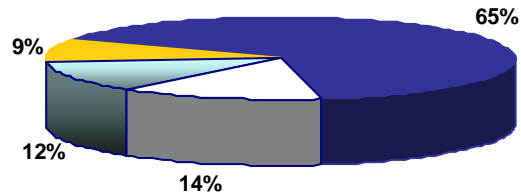
with comparative figures of June 30, 2006

(figures in 000 US Dollars)

	2007	2006
ASSETS		
Current Assets		
Cash	2,278	2,044
Receivables	43	53
Total Current Assets	2,321	2,097
Property & Equipment (net)	44	16
Other Assets	3	3
Total Assets	2,368	2,116
Liabilities:		
Project Fund	373	267
Other Liabilities	269	269
Total Liabilities	642	536
Fund Balances	1,726	1,580
Total Liabilities & Fund Balances	2,368	2,116

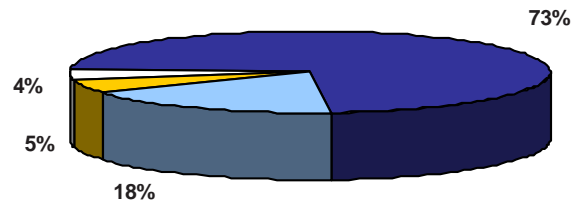
Key Financial Indicators

Revenues in Fiscal year 2006/2007

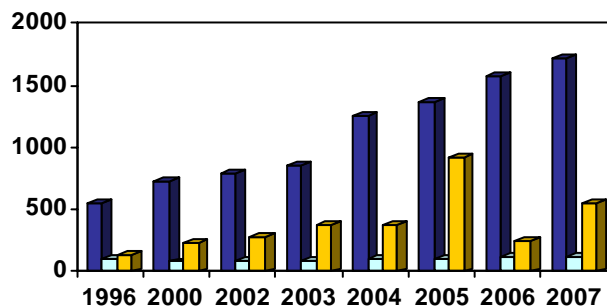


■ Dev't. Contribution □ Member Dues
 ■ Technical Fees □ Interests

Expenditures in Fiscal year 2006/2007



■ Governance □ Administration
 ■ Development □ Service to Members



■ Net Assets □ Dues Income ■ Project Funds

Asian Credit Union Leaders

ACCU Board of Directors 2006 to 2008



Seated (L-R)

Oh-man Kwon - 1st Vice-President
NACUFOK, Korea
Assoc. Prof. Sawat Saengbangpla - President
FSTC, Thailand
P.M. Sitanggang - 2nd Vice-President
CUCO, Indonesia

Standing (L-R)

G. Lahmana - Treasurer
WCCS, Malaysia
Dr. Sylvia L. Flores, Secretary
PFCCO, Philippines
Ranjith Hettiarachchi - Ex - Officio

Chairman/President & CEO/General Manager of Member Organizations

Jonas Dhaki, Chairman
Ratan F. Costa, General Manager
Cooperative Credit Union League of Bangladesh

Charles Yip Wai-kwong, President
Eliza Leung Shuk-ching, Senior Manager
Credit Union League of Hong Kong

Vasantrao Natha, President
Jitendra Pamane, General Manager
Maharashtra State Federation Cooperative Credit Societies Ltd.

P.M. Sitanggang, President
Abat Elias, SE, General Manager
Credit Union Coordination of Indonesia

Fr. Toshimi Yamane, President
Masao Mitsuyoshi, Managing Director
Japan Credit Union

Oh-man Kwon, Chairman and President
Sung-hee Lee, Chief Executive Officer
National Credit Union Federation of Korea

G. Lahmana, Chairman
R. Gopal Singam, General Manager
Workers Co-operative Credit Society Ltd., Malaysia

Kailash Bhakta Pradhananga, Chairman
Suman Khanal, General Manager
Nepal Federation of Savings and Credit Cooperative Unions Ltd.

Michael Koisen, Chairman
Paulus Laveil, Acting General Manager
Federation of Savings and Loan Societies Ltd.,
Papua New Guinea

Dra. Sylvia Flores, Chairperson
David J. Pajaron, Jr., General Manager
Philippine Federation of Credit Cooperatives

Wilfredo Dimamay, Chairman
Cresente C. Paez, Chief Executive Officer
National Confederation of Cooperatives, Philippines

Chuang Chin-Sheng, President
Ko, Yen-Hui, Chief Executive Officer
Credit Union League of the Republic of China,
Taiwan

Gunarathna Maddumage, President
L.B. Dasanayake, General Manager
Federation of Thrift & Credit Cooperative Societies
Ltd., Sri Lanka

Shet Chindasantisakul, President
Sahaphon Sangmek, General Manager
Credit Union League of Thailand Ltd.

Chalermopol Dulsamphant, President
Anan Chatrupracheewin, General Manager
Federation of Savings and Credit Cooperatives of
Thailand Ltd.

Hoang Dinh Cau, Chairman
Do Manh Hung, General Director
Central People's Credit Fund, Vietnam

Management Team

Team Members in Thailand Office

Ranjith Hettiarachchi - Chief Executive Officer
Elenita V. San Roque - Manager, Member Services
Porramaphorn Artrit - Secretary/Program
Kamon Kiattisirikumpon - Program Assistant
Samorn Toscha - Assistant Administrative Officer
Seksan Seenil - Office Assistant

Advisors

Supachai Srisupaaksorn
Dr. Amporn Wattanawongs

Liason with the Royal Thai Government

ALMI Members

Members of the Asian Leaders and Managers Institute (ALMI)

Bill Field – CUFA, Australia
Ratan F. Costa - CCULB, Bangladesh
Songkham Manivong - LPSCU, Lao PDR
M. Annamalai – WCCS, Malaysia
Daisy Belle M. Cabal - NATCCO, Philippines
Shoba Gunasekaran - TCC, Singapore
Veerayut Ruchirek – CULT, Thailand

Note: Carried out volunteer assignments in 2006 to 2007

Project Staff

Indonesia

- Suradiyono S. Sos - Field Coordinator - Yogyakarta Chapter
- M. H. Aryono - Manager, Yogyakarta Chapter
- Mikhael H. Jawa - Manager, Ende-Ngada

Bangladesh

- Rommel H. Cruze – Project Coordinator - ACCESS **Lao PDR**
- Chanphet Bounvilay - Project Coordinator, Luang Prabang

Nepal

- Shiva Adhikari - Field Officer
- Kuber Niroula – Management & Finance Specialist - ACCESS
- Krishna Kala Tiwari - Business Dev't. Center Assistant **Philippines - PFCCO**
- Maribel R. Gulay-Project Coordinator, National
- Carlos Samson - Management & Finance Specialist - National

Philippines-NATCCO

- Daisy Belle M. Cabal - Management & Finance Specialist - ACCESS

Developing Cadre of team-spirited CU Professionals



Member Organizations

Regular Members



CCULB-Cooperative Credit Union League of Bangladesh Ltd.



CULHK-Credit Union League of Hong Kong



MAFCOCS-Maharashtra State Federation of Cooperative Credit Societies Ltd., India



CUCO-Credit Union Coordination of Indonesia Ltd.



JCU-Japan Credit Union



NACUFOK-National Credit Union Federation of Korea



WCCS-Workers Co-operative Credit Society Ltd., Malaysia



NEFSCUN-Nepal Federation of Savings and Credit Cooperatives Union Ltd.



FESALOS-Federation of Savings and Loan Societies Ltd.-Papua New Guinea



NATCCO-National Confederation of Cooperatives, Philippines



PFCCO-Philippine Federation of Credit Cooperatives



FTCCS-Federation of Thrift and Credit Cooperative Societies, Sri Lanka



CULROC-Credit Union League of the Republic of China, Taiwan



CULT-Credit Union League of Thailand Ltd.



FSCT-Federation of Savings and Credit Cooperatives of Thailand Ltd.



CCF-Central People's Credit Fund Vietnam

Affiliate Members

- **CUFA** - Credit Union Foundation Australia
- **CCSF** - Cambodian Community Savings Federation
- **IRU** - International Raiffeisen Union, Germany
- **DPG** - Development Promotion Group, India
- **CCC** - Central Credit Cooperative Union of Iran
- **MAM** - Mol-AI-Movahedin Credit Cooperative, Iran
- **SAACC** - Samen AI Aemeh Credit Cooperative, Iran
- **RILB** - Research Institute of Labour Banks, Japan
- **MACOSCLE** - Mauritius Co-operative Savings and Credit League Ltd.
- **VPMPCS** - Vacoas Popular Multi-Purpose Co-operative Society Ltd., Mauritius
- **MOCCU** - Mongolian Confederation of Credit Unions
- **USC** Nepal
- **CSS** - Catholic Social Services, Pakistan
- **IACUFEZ** - Interregional Association of Credit Unions of the Far East and Zabaikalye, Russia
- **SNCF** - Singapore National Cooperatives Federation, Ltd.
- **CMG** - CUNA Mutual Group, USA

36 Years of
Solidarity Across Borders



Development

Supporters

- **AUSTRALIA**
The NSW Teachers Credit Union
Select Credit Union, Ltd.
Sydney Credit Union, Ltd.
WAW Credit Union Co-operative, Ltd.
Victoria Teachers Credit Union
- **INDONESIA**
Betang Asi Credit Union
Canaga Antuntn Credit Union
Keling Kumang Credit Union
Lantang Tipo Credit Union
Pancur Dangeri Credit Union
Pancur Kasih Credit Union
Pancur Solidaritas Credit Union
Puyang Gana Credit Union
Semandang Jaya Credit Union
Sumber Rejeki Credit Union
Tilung Jaya Credit Union
Tri Tapang Kasih Credit Union
- **PAPUA NEW GUINEA**
The PNG Police & State Services Savings & Loan Society Ltd.
- **PHILIPPINES**
Baguio Benguet Community Credit Cooperative
St. Martin of Tours Credit & Development Cooperative
- **THAILAND**
Chumchon Klongjan Credit Union, Ltd.
Soon Klang Thewa Credit Union Cooperative, Ltd.

International Affiliations

- World Council of Credit Unions (WOCCU)
- International Co-operative Alliance (ICA)
- International Raiffeisen Union (IRU)

Development Partners

- Agriterra, the Netherlands
- Canadian Co-operative Association
- Cordaid, the Netherlands
- Rabobank Foundation, the Netherlands

Strategic Partners

- Asia Pacific Rural and Agricultural Credit Association (APRACA)
- Asian Women Cooperative Forum (AWCF)
- Cooperative League of Thailand (CLT)
- Cooperative Promotion Department-Thailand
- Food and Agriculture Office-FAO
- International Cooperative Mutual Insurance Federation (ICMF)
- International Labour Organization (ILO)
- International Network of Alternative Financial Institutions (INAFI)
- Micro Credit Summit Campaign
- Mongolian Cooperative Training Institute
- United Nations-Economic and Social Commission for Asia and the Pacific (UN-ESCAP)
- Vaikunth Mehta National Institute of Co-operative Management, India
- Vietnam Cooperative Alliance (VCA)

Development Initiatives

- Consolidation of Credit Union Development in Asia, Phase 2 - Cordaid
- Women Empowerment in Credit Unions through Microfinance (WECUMI) - Agriterra
- Credit Union Promotion in Lao PDR - Agriterra
- Rural Finance in Cambodia (RUFICA) - Agriterra
- Credit Union Strengthening in Asia - Canadian Co-operative Association

Our Vision...

Sustainable Credit Unions in Asia

We believe that ACCU's primary purpose is to ensure credit unions are continually providing affordable financial services to their members. To perform its purpose, credit unions have to achieve financial viability, operational efficiency, member-customer and employee satisfaction, competitive position, knowledgeable and involved boards of directors and quality products & services. ACCU's value added services to members are all directed toward the shared vision.

Our Mission...

ACCU works in partnership with its members to strengthen and promote credit unions as effective instruments for socio-economic development of people.

Core Values, Our Commitment to members and partners

Dynamism: We owe our members a Dynamic Regional Organization. We will strive to expand our human resources by mobilizing competent people who can deliver value-added services to our members in a timely manner.

Innovation: We owe our members a Leading Organization for Credit Union Innovation in Asia. ACCU will not duplicate what our members are doing. Our services will always be of value to members that use them to help achieve their own goals.

Learning: We owe our members a Learning Organization for Credit Unions in Asia - this means ACCU will be the resource center or facilitator for credit union best practice, management tools, systems, guidelines and technology.

Quality: We owe our members and partners the Highest Quality Service possible at all times characterized by responsiveness, accuracy, integrity and professionalism. We will always strive for quality improvement.

Solidarity: We owe the Asian Credit Union Movement the value of Solidarity. This means our mechanisms, policies, and programs will translate this value.

Management Commitments

- *Positive attitude*
- *Innovative*
- *Quality*
- *Service mind*
- *Responsible and accountable*
- *Self-esteem*
- *Communication*
- *Integrity*
- *Professionalism*
- *Teamwork*



Serving credit unions for more than 36 years



**ASSOCIATION OF
ASIAN CONFEDERATION OF CREDIT UNIONS**

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Tel: 662 374 3170; Fax: 662 374 5321

E-mail: accu@aaccu.coop www.aaccu.coop