

MEASURING THE IMPACT OF CREDIT UNIONS ON WEALTH BUILDING OF MEMBERS: PERSPECTIVES FROM NEPAL

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ISSUES COVERED

- Introduction
- Role of SACCOS in wealth Creation
- SACCOS in poverty Reduction
- A case study of Satisfaction survey and impact Analysis
 - Survey result
 - conclusion

INTRODUCTION

- First cooperative Act – 1960
- Establishment of NEFSCUN in 1988
- Establishment of National Cooperative Bank in 2003.
- Constitution of Nepal has adopted 3 pillar economy (i.e. Public, private, Cooperative)

ROLE OF SACCOS IN WEALTH CREATION

- Historic changes in the political system
- Community Involvement
 - CU provides financial assistance to local clubs/organization/cultural group which helps to create a good bonding among community members
 - CU also provides scholarships to various educational institutions for marginalized groups in the society/region/country.
 - CU also conduct various sensitization campaign in society to educate them
 - CU also provides volunteer for various community activities like sanitation, health activities.
 - CU being social entity also raised funds for good cause and provide supports (e.g. Earthquake relief fund, flood relief fund)
 - CU does advocacy at various level to improve financial policy and Act (e.g. Lobby for redrafting of Nepal Cooperative Act, local cooperative Act etc)
 - Conduct Financial literacy programme at community level.

ROLE OF SACCOS IN WEALTH CREATION

- Economic Development
 - Encourage/provide orientation to start new business (provide Skill/Capital/Security of business)
 - Provides employment
 - Provides counselling service to make business sustainable
 - Provides various financial service (saving/Deposit, money transfer, insurance) to member
 - Create local market for goods produced by member – entailment of local business promotion center.
 - Counselling service to member about product/services of CU (CU prepare sample business and offer to its member)
- Skill/knowledge Development
 - Provides life skill training to member
 - Participation on Board through periodic election

SACCOS ROLE IN POVERTY REDUCTION

- Asset enhancement
- Increase access
- Strengthening domain of transferability
- Welfare commanding

A CASE STUDY OF SATISFACTION SURVEY AND IMPACT ANALYSIS:- JANASACHETAN

- Objective of case study
 - Study the level of satisfaction among its members on the various services and products offered by the SACCOS
 - To assess the socio-economic significance of Janasachetan SACCOS into the lives of the members since their association with the SACCOS

SATISFACTION RESULTS OF SERVICE PROVIDED BY SACCOS

- 51% of member has more than 2 saving accounts
- 53% member believes that loan processing time at SACCOS is quicker than expected
- 96% member feels that interest in savings at SACCOS in average/more than average market rate
- 63% member responded that interest on loan is average or less than average as compare to market rate.
- 76% member feels that dividend on their share capital is average or more than average as compare to other investment opportunity at locality
- 98% feels that counter service is quicker than their expectation/average time
- Only 14% feels that Social activities of SACCOS needs to improve and 86% feels that current social activities are satisfactory
- 98% members are satisfied with staff and board of director behavior

ASSET INFORMATION

The results showed that 189 (58.15%) of the members bought a new house since they became members. Another 78 (24%) bought a new motorbike and 215 (66.15%) bought a new TV.

HOUSEHOLD CHARACTERISTICS OF STUDY

Household characteristics are consistent with the membership portfolio maintained by Janasachetan and is a representative sample for rural towns in Nepal. Hence, the impact analysis presented later in the report can be used to study the overall impact of SACCOS in the socio-economic aspects of the rural population in Nepal.

REVIEW OF JANASACHETAN PRODUCT:- CREATING MEMBER'S WEALTH

Agriculture/Business loan

- Criterion
 - ❖ Any member can apply
- Feature
 - ❖ CU provides training/capacity enhancement programme to member
 - ❖ Provides Credit Facility
 - ❖ Provides Insurance
 - ❖ Conduct member survey before designing any product
 - ❖ Technical experts are listed in roster to provide technical assistance to member
 - ❖ Develop brochure about agriculture business and emergency remedies for farmer in case of any emergency

REVIEW OF JANASACHETAN PRODUCT:- CREATING MEMBER'S WEALTH

- Unique Characteristics
 - ❖ Develop Local level Market
 - ❖ Make un-bankable people to bankable
 - ❖ Encourage member to shift from traditional agriculture business to advanced agriculture business
 - ❖ Lobby with government and other bank & Financial Institution if member intended to start big industries

**REVIEW OF JANASACHETAN PRODUCT:-
CREATING MEMBER'S WEALTH**

Saving Product

- Feature
 - ❖ Recurring in Nature
 - ❖ Comparatively high interest
 - ❖ Any amount can be deposited
 - ❖ Product designed based on member need,
 - ❖ Link local culture, social values to saving product

**REVIEW OF JANASACHETAN PRODUCT:-
CREATING MEMBER'S WEALTH**

- Unique Characteristics
 - ❖ Regular class of financial literacy
 - ❖ Ladder system of interest
 - ❖ Loan against deposit
 - ❖ Religious/Educational tour
 - ❖ Health camp organize

CONCLUSION

- Janasachetan SACCOS and its credit/savings services are found to show a positive association on the health, education, income outcomes of its members and their families. They also seem to be positively correlated with the business performance and employment generation.
- Hence it can be say that the Impact of Credit Unions on Wealth Building of Members is positive in Nepal (excluding some exception).
- Standardization programme, Risk based self regulating framework supported by ACCU and technical assistance provided by National federation, Cooperative Bank and Government is key to develop a sustainable CU that is helping to create sustainable mode for access to finance at remote location of Nepal.
