

GUEST EDITORIAL

Unity is strength

by *Graham Clouston*

Chair, New Zealand Association of Credit Unions

A credit union is a financial cooperative which encourages savings, thrift and education to enhance the social and economic well-being of its members. Once overheads and other expenses are paid, income from loans is returned to members as



dividends on savings, reserves, improved or additional services.

Registered under the Friendly Societies and Credit Unions Act 1982, they are a trusted alternative to banks, which are locally owned by their members and not just for profit. There are community based and industrial credit unions which can offer their members a full range of personal banking services. Asset sizes vary, with the largest at \$150 million.

Several small, independent credit unions were established in New Zealand in the 1930s, but their size and influence was limited. In the 1960s, a number of individuals discussed the importance of a united credit union movement, as a result of which the New Zealand Credit Union League (NZCUL) was formed.

A NATIONAL BODY

In 1964, the League had nine member credit unions, with Colin Smith as managing director until his death in 1986. A passionate supporter of the movement, he travelled the length and breadth of New Zealand, promoting parish and industrial-employee credit unions.

He also travelled widely to gain knowledge of overseas credit union movements. In 1967, he established direct links with the US-based CUNA (International), which subsequently became the

World Council of Credit Unions (WOCCU).

In the mid 1980s, the number of credit unions

peaked at around 300 and, in 1989, the NZCUL became the New Zealand Association of Credit Unions (NZACU). Since then there have been consolidation of actual numbers of credit unions, with a corresponding increase in assets, individual members and sophistication of services offered.

Currently NZACU has 22 member credit unions with 170,000 individual members who have assets of \$628 million.

WHY NZACU?

Credit unions as financial cooperatives are small players in a large, highly competitive and heavily regulated financial services sector. The voice of a lone credit union cannot influence change; a united front, however, which speaks with a single strong voice can.

The NZACU exists to represent, promote and support member credit unions, and provide cost-effective business services, including banking, computing and insurance services. It has an elected board of directors which can have up to two independent directors. Day-to-day operations are the responsibility of the chief executive.

AN INTERNATIONAL MOVEMENT

The NZACU operates according to international credit union principles, which are founded on a philosophy of cooperation and democracy. The association is a member of WOCCU and an associate member of the Credit Union Services Corporation of Australia Ltd.

Firmly entrenched in Western countries, credit unions are not only thriving across the world but

growing. Very important in developing countries, they have taken hold throughout Eastern Europe, Asia, and Africa, playing an important part in combating poverty by teaching people how they can pool their resources to set up small businesses and help themselves.

Credit unions worldwide recognize the need for unity. It is unity and cooperation that has enabled credit unions to make a difference in the

lives of their members. National bodies, such as the NZACU, are key to credit union development. ●

The New Zealand Association of Credit Unions recently joined the NZ Cooperatives Association, in order to:

- Support the solidarity of cooperative activity
- Provide opportunities for networking with other member-owned businesses
- Gain access to cooperative specific professional development
- Enable the NZACU to tap into another cooperative association's resources

Credit union facts and figures

- Over 53,000 credit unions operate in 97 countries
- Worldwide, there are more than 185 million credit unions members
- The world's credit unions have over US \$1 trillion in assets, US \$995 billion in savings and US \$847 in loans

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