

Credit Union Operating Principles

Introduction

The Credit Union Operating Principles are founded in the philosophy of co-operation and its central values of equality, equity and mutual self-help. At the heart of these principles is the concept of human development and the brotherhood of man expressed through people working together to achieve a better life for themselves and their children.

1. Open and voluntary membership

Membership in a credit union is voluntary and open to all within the accepted common bond of association that can make use of its services and are willing to accept the corresponding responsibilities.

2. Democratic control

Credit union members enjoy equal rights to vote (one member, one vote) and participate in decisions affecting the credit union, without regard to the amount of savings or deposits or the volume of business. The credit union is autonomous, within the framework of law and regulation, recognising the credit union as a co-operative enterprise serving and controlled by its members. Credit union elected officers are voluntary in nature and incumbents should not receive a salary for fulfilling the duties for which they were elected. However, credit unions may reimburse legitimate expenses incurred by elected officials.

3. Limited dividends on equity capital

Permanent equity capital where it exists in the credit union receives limited dividends.

4. Return on savings and deposits

To encourage thrift through savings and thus to provide loans and other member services, a fair rate of interest is paid on savings and deposits, within the capability of the credit union.

5. Return of surplus to members

The surplus arising out of the operations of the credit union after ensuring appropriate reserve levels and after payment of dividends belongs to and benefits all members with no member or group of members benefiting to the detriment of others. This surplus may be distributed among members in proportion to their transactions with the credit union (interest or patronage refunds) or directed to improved or additional services required by the members. Expenditure in credit unions should be for the benefit of all members with no member or group of members benefiting to the detriment of others.

6. Non -discrimination in race, religion and politics.

Credit unions are non-discriminatory in relation to race, nationality, sex, religion and politics within the limits of their legal common bond. Operating decisions and the conduct of business are based on member needs, economic factors and sound management principles. While credit unions are apolitical and will not become aligned with partisan political interests, this does not prevent or restrict them from making such political representations as are necessary to defend and promote the collective interests of credit unions and their members.

7. Services to members.

Credit union services are directed towards improving the economic and social well-being of all members, whose needs shall be a permanent and paramount consideration, rather than towards the maximising of surpluses.

8. On-going education

Credit unions actively promote the education of their members, officers and employees along with the public in general, in the economic, social, democratic and mutual self-help principles of credit unions. The promotion of thrift and the wise use of credit, as well as education on the rights and responsibilities of members are essential to the dual social and economic character of credit unions in serving member needs.

9. Co-operation among co-operatives

In keeping with their philosophy and the pooling practices of co-operatives, credit unions within their capability actively co-operate with other credit unions, co-operatives and associations at local, national and international levels in order to best serve the interests of their members and their community. This inter-co-operation fosters the development of the co-operative sector in society.

10. Social responsibility

Continuing the ideals and beliefs of co-operative pioneers, credit unions seek to bring about human and social development. Their vision of social justice extends both to the individual members and to the larger community in which they work and reside. The credit union ideal is to extend service to all who need and can use it. Every person is either a member or a potential member and appropriately part of the credit union sphere of interest and concern. Decisions should be taken with full regard for the interests of the broader community within which the credit union and its members reside.