Back to the Future?
A New Model for Credit Unions Based on Classic Principles

This brief white paper aims to present a discussion of a new approach to the credit union cooperative model. Our analysis is based on a combination of the core principles underpinning the early development of credit unions, recent innovations from the corporate social responsibility field as well as more holistic ways of thinking about the “success” of a credit union.

The Origins of Credit Unions

Credit Unions are a shining example of the application of the cooperative model of governance to financial organizations. The essence of the “cooperative model” dates back many centuries, and can even be said to be vital to fostering the growth of early human civilization, when humans gathered together in tribal groups, uniting together to “hunt for food, build shelter and provide protection”.

Modern cooperatives date back to the 18th century, and were motivated by a desire for collective financial security and assistance.

The Rochdale Society of Equitable Pioneers, founded in 1844, was an early cooperative. Mindful of hard lessons learned from prior failed cooperative attempts, the Society put forth the Rochdale Principles, a set of ideals for the operation of their cooperative. Today, the principles form the philosophical basis for the modern cooperative movement. (See Appendix A, Credit Union Philosophy). The Rochdale Principles can be summarized as being based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

The first credit union, a financial services organization based on co-operative principles, was developed in Germany. The model was carried abroad, reaching Canada and then the United States by the 1880s. As of September 30, 2017 there were 5,642 federally insured credit unions with combined assets of $1.36 Trillion dollars. While the number of individual credit unions has been

1 A cooperative (also known as co-operative, co-op, or coop) is “An association or corporation established for the purpose of providing services on a nonprofit basis to its shareholders or members who own and control it.” (“cooperative.” West’s Encyclopedia of American Law, edition 2. 2008. The Gale Group 31 Jul. 2018 http://legal-dictionary.thefreedictionary.com/cooperative)
declining every year since the 1970s, individual membership in credit unions has steadily increased, growing to 113.4 million as of October 2017, up from 110 million as of December 31, 2016.

### Credit Unions – the “Classic Model”

According to the International Cooperative Alliance, a modern-day co-operative such as a credit union is “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.”

In the early stages of financial system development, common bonds substituted as collateral. Many banks in the 1800s and early 1900s would not serve those who did not possess capital collateral, such as tradesmen, many in middle class, those in rural communities (including farmers) and poorer people. Banks were concerned that serving such individuals’ financial needs was not as “cost-effective” because of the small transaction sizes. Such individuals were also not considered “credit-worthy” because of the lack of collateral, irregular cash flow, susceptibility to climate conditions and/or simply a lack of higher education of the borrower.

Today some type of “common bond” is a required tenet of credit unions. Section 109(b) of the Federal Credit Union Act limits federal credit union membership to three basic types – single common bond (occupational and associational), multiple common bond (more than one group each having a common bond of occupation or association), and community (those living in a discrete geographical area). For smaller credit unions, many members personally know other members and “ascribe to the theory that not paying loans on time can adversely affect those other members.” Even for larger credit unions, whose membership can number in the hundreds of thousands, the sense of the “common bond” and the sense of membership exert a powerful influence, expressed in the industry’s essential mission: “people helping people.”

Many credit unions justifiably pride themselves on their focus on a “member first” philosophy. Because they are tax-exempt, and most credit unions have volunteer boards of directors, credit unions often take a fairly conservative approach to risk. For example, most do not offer large business or commercial loans. They are, however, often able to offer low loan rates and fees as well as higher savings rates and pass along any excess revenues to the membership.

For many credit unions, particularly smaller ones, this is enough of a “value add” for them to determine that their credit union is fulfilling the philosophy of “people helping people.” For others, particularly some of the larger, more progressive credit unions, it is just “table stakes.” They are beginning to ask themselves if there are other ways to more fully utilize the cooperative approach in

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6 CUNA Credit Union Estimates, October 2017  
7 CUNA Credit Union Estimates, January 2017  
10 The phrase, “People Helping People” is a registered trademark owned by CUNA which has been used as a description of credit union philosophy since the early 1960’s. (https://www.cuna.org/Webassets/Pages/Content.aspx?id=69073)
order to add additional value for their members, their members’ families and the communities they serve.

Are the Biggest Credit Unions in Danger of Becoming More Like Banks?

What was once a notable trend, and should now be considered a feature, is the inexorable pace of consolidation within the credit union industry. The fact that more credit unions are in the billion-dollar asset club has caused some to notice that the larger credit unions may bear more resemblance to banks – perhaps community banks, but banks nonetheless – than they do to the credit unions of old. Of course, this continues to draw the ire of the banking industry:

“Many of today’s credit unions bear little resemblance to the industry that received this special tax exemption and today have become indistinguishable from the banking industry, the [American Bankers Association, the principal trade group for the banking industry] argues. Credit unions have leveraged their taxpayer subsidy to aggressively grow, becoming a $1 trillion industry. And as the credit union industry expands, it does so at the expense of all taxpayers.”

The larger a credit union grows, the higher the level of complexity of operations and regulations, the more it may feel the need to compete head to head with banks, and the more distanced it may find itself from its cooperative roots. This “bank-lite” approach has some attractive aspects to it but poses some real dangers as well. One particular danger is the tendency to focus a bit more on the needs of the credit union itself, rather than on the evolving needs of the members and the communities where they live and work.

The Evolution of Corporate Citizenship

As credit unions grow in size and complexity, for some, there is a tendency to take on certain features that are reminiscent of large corporations, particularly so for those that lean towards the “bank-lite” model. While credit unions retain their deep philosophical connections to the social rationale underlying the movement – “people helping people” – the increasing demands on credit unions by virtue of their larger size, expanding geographical footprints, the demands of regulators, cyber security challenges, and changing expectations of financial institutions, requires an increasingly sophisticated approach to management and governance.

It is interesting to note that for many modern corporations, there has been a gradual awakening to the concept that they bear a responsibility beyond that of making money for their shareholders. The notion of “corporate social responsibility” is based on the idea that businesses ought to be good

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13 There are numerous terms used in this white paper: corporate citizenship, corporate social responsibility, triple bottom line, or sustainability. They essentially refer to the same concept of managing an organization such that it “minimizes harm, maximizes benefit, is accountable and responsive to key stakeholders and supports strong financial results.” For a more complete discussion, please see Mirvis, Philip and Bradley K. Googins, Stages of Corporate Citizenship: A Developmental Framework, A Center for Corporate Citizenship at Boston College Monograph. 2006. Page 3.
14 “There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.” Friedman, Milton. The Social Responsibility of Business is to Increase Its Profits.” New York Times, September 13, 1970.
citizens and “give something back to the community.” Similar to the “social contract” argument put forth by the philosopher Thomas Hobbes, this approach is “based on the philosophy that business has a contract with society and gets access to resources, gains protection under the law, and receives societal approval in exchange for good behavior.”  

In this model, a corporation has a moral responsibility to be a “responsible employer, neighbor and contributor to the common good.” In other words, it has an obligation to be a “good corporate citizen.”

It is ironic to note that at the same time that some credit unions are becoming a little more “corporate”, many corporations are also discovering that in order to foster and sustain sales to their customers, they also need to connect much more deeply with the communities where they operate. This desire for a deeper connection, coupled with meaningful impact is quite reminiscent of some of the foundational principles of the credit union movement. Accordingly, by their very nature, credit unions may actually have been well ahead of the curve when it comes to organizational or “corporate citizenship!”

**Stages of Corporate Citizenship**

The concept of corporate social responsibility as being more than making money for shareholders has developed significantly over the past half century. Philip Mirvis, Ph.D. and Bradley K. Googins, Ph.D. of the Center for Corporate Citizenship at Boston College have analyzed the stages of the evolution of corporate citizenship. For many corporations, corporate citizenship abides in its earliest stages, those of being a source of jobs, profits and taxes and legal compliance or a sense that simply philanthropy is the cost of a license to do business. For others, however, there is the understanding that “business is responsible for and needs to take an accounting of the full range of is social, economic and environmental outputs” – commonly referred to as John Elkington’s “triple bottom line”.

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The higher stages involve a more expansive and inclusive view of corporate responsibility and accountability. “Companies that are moving forward on this front develop a more holistic view of their role in society and assume greater responsibility for their economic, social and environmental impact on society.”

“Next generation citizenship ... connects [citizenship] to the very purpose and operating strategies of a business. The aim is to change the game by making a business out of citizenship. The operating challenge for such companies is to align ... operating and commercial functions with a strategy that connects them to the needs and issues of society. This implicates the whole chain of the company, moves citizenship onto senior [leadership’s] agenda, and shifts it from the margins to the mainstream of a business.”

There is a paradigm shift taking place, where both consumers and businesses expect business to play a more critical role in contributing to a flourishing society “beyond meeting legal requirements, complying with ethical standards, creating jobs and paying taxes.”

“[Some] trail-blazing groups of businesses are rethinking their business models to address widespread societal issues directly through their products, services, operations and business relationships. They are embedding social value into their functions and collaborating with community organizations, governments and even competitors to tackle poverty and social exclusion; two key factors that undermine business and community success. They recognize that they have a role to play in partnering with other sectors to address the problems that affect social stability and community quality of life.”

For many large corporations, and some forward-thinking credit unions, a progressive style of corporate citizenship is more than just a “good thing to do, but ultimately, it’s a way to create the passion and affiliation to the business that you want employees, customers, and consumers to have.” Some of the benefits include “not only goodwill, but also relevance for their customers, their reputations, social investors, and, in select cases, innovation and market development.”

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19 Ibid., page 23.
20 Id.
22 Id.
23 “Employees who say they have the opportunity to make a direct social and environmental impact at work report higher job satisfaction levels than those who don’t by a 2:1 ratio. Two-thirds of graduating university students say making a difference through their next job is a priority, and 45 percent of students say they would even take a pay cut to do so.” Zukin, cliff and Mark Szeltner, Talent Report: What Workers Want in 2012, page 3. Prepared by: John J. Heldrich Center for Workforce Development Rutgers, The State University of New Jersey. May 2012.
24 Id., page 32.
25 Id.
Is a New Credit Union Model Emerging?
Some contemporary credit unions are starting to ask, in a thoughtful and very courageous manner, if providing excellent service to benefit their members or growing the credit union’s assets is genuinely the most effective path forward in today's economic environment. Such understandings of a credit union’s central purpose do not appear to adequately differentiate them from many other financial players; nor do they fully explore the unique opportunities a cooperative could pursue. Yes, offering great financial services, at more advantageous rates definitely offers value to members and can have a positive impact on their lives. And, yes, expanding the asset base of a credit union can allow you to offer more high-quality products and services as well as expand to include even more members into the fold. But neither option (or even a dynamic combination of the two) really stands out. A new approach or model may be emerging.

Typical Approaches to Credit Union “Success”

**MEMBER FOCUSED**

*Success* is primarily focused on member success and benefits, as well as services and products that improve members’ financial lives.

*Essence* of the approach is viewed through providing excellent service.

*Metrics* tilt towards member interests, benefits and satisfaction.

**BALANCED**

*Success* is the artful balancing of a strong member service approach AND a focus on financial prudence and sustainability.

*Essence* of this approach is how the whole emerges equally from both service and financial results.

*Metrics* re: both member benefits and financials.

**FINANCIAL SUCCESS/GROWTH**

*Success* is primarily focused on financial strength, size and growth.

*Essence* of the approach is viewed through financial, asset size and growth accomplishments.

*Metrics* tilt towards improving financial size, ratios and results.

This chart depicts a spectrum of approaches that many credit unions currently employ. Some are primarily focused on providing member services and benefits, sometimes at the expense of long-term financial or strategic success (i.e., deciding to issue a member dividend or offer lower rates on loans rather than invest in information technology upgrades). Others focus primarily on classic...
financial success (such as increasing capital ratios, only offering “A” paper loans or focusing on Key Performance Indicators (ROI, ROA, Loan to share ratio and the like) at the expense of considering members first. Others try to blend and balance the two extremes.

We are proposing that there is another way to approach defining “success” at your credit union.

**A “New” Social Purpose Approach**

**Success** is more broadly or holistically focused on a combination of factors which include member benefits, financial strength AND community impact.

The essence of the approach is to fully incorporate community success into the heart of the credit union's efforts.

Success is measured in a “triple bottom-line” or holistic fashion.

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**Social Banking v. Corporate Social Responsibility**

Social finance (or social banking) is “the application of tools, instruments and strategies where capital deliberately and intentionally seeks a blended value (economic, social and/or environmental) return.”

Social finance institutions (SFIs), provide financial services to generate social or environmental benefits, in contrast to the purely profit-driven motivations of their commercial counterparts. “SFIs

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should demonstrate their social or environmental sustainability impact and also support investments that produce social or environmental returns while also generating financial returns.\textsuperscript{27}

An important feature of social banking is how the credit union’s assets, deposits and savings are directed toward loans, a credit union’s most important service, committing “a substantial portion of its assets to social finance projects rather than including social investment as part of an ancillary corporate social responsibility (“CSR”) plan.”\textsuperscript{28}

This is an important distinction. Impact investing is “the active investment of capital in businesses and funds that generate positive social and/or environmental impacts, as well as financial returns (from principal to above market rate) to the investor.”\textsuperscript{29}

“Most mainstream financial institutions usually have a CSR strategy. However, for many conventional financial institutions CSR is rather an add-on rather than being implemented in their core business. In contrast, SFIs embed social values into their governance and business.”\textsuperscript{30} (Emphasis added.) Although SFIs are still considered a niche phenomenon, they have shown impressive balance-sheet growth, market share and even financial return. This is particularly true after the 2008 global financial crisis.\textsuperscript{31}

**Social Finance at Vancity**

Vancouver City Savings Credit Union, known simply as Vancity, was formed in 1946, as an open-bond credit union allowing any resident of Vancouver to join. Today, Vancity is a values-based financial cooperative serving the needs of its more than 523,000 member-owners. Vancity's vision, mission and more holistic approach towards their community go well beyond what is the norm for nearly all credit unions or banks. In essence, Vancity had the vision, the courage and the will to rethink what a credit union can do for, with and in its community. In so doing, Vancity may have created (or reconstituted) an approach that fundamentally combines their historical roots as a cooperative with the economic and societal realities of today. They rethought their efforts at every level of their credit union and even the very manner in which they entered into a relationship with their community. Their unique approach takes us off the traditional “member service to financial success spectrum” to a whole new place that can no longer be situated on this traditional spectrum at all. (See Figures X and Y, respectively, above.) From this new vantage point, the purpose of a credit union takes on a new level of significance and meaning.

“Our goal is to create positive member and community impact through all our operations—from how we make money to how we spend and invest it. We’re committed to finding new and better ways to use all our resources, people and capital to create large-scale positive impacts. When Vancity formed in 1946, we didn’t

\textsuperscript{27}Id., p. 130.


\textsuperscript{29}Ibid., p. 126.

\textsuperscript{30}Id.

\textsuperscript{31}Id.
specifically set out to be in the social change business. This role as a change agent came about naturally as a result of our co-operative business model.\textsuperscript{32}

Vancity offers products and services such as social enterprise loans, financing of renewable energy projects and social housing. Vancity offers start-up finance for mission-based businesses, not-for-profit organizations, co-operatives, social enterprises, labor organizations, first nations-owned entities and micro-lending.\textsuperscript{33} Vancity supports green businesses, a sustainable food system, community development and independence, and stable and affordable housing through the variety of impact lending and investment programs we provide to non-profit organizations, community partners, small business and social entrepreneurs.\textsuperscript{34}

For individual clients, Vancity offers financial literacy workshops as well as social finance products in addition to traditional loans. These include home renovation loans, loans for fuel-efficient vehicles, housing loans for first nations’ governments, mortgages for low-income families, loans for members of equity co-operatives to buy shares, deposit accounts to help rebuild credit histories and improved residential mortgages.\textsuperscript{35}

An important Vancity product line is their high-impact community investment loans. These loans support the areas of affordable housing, social-purpose real estate, local, natural and organic food, the environment and energy efficiency, and social enterprises and social venture.\textsuperscript{36} The type of social finance portfolio discussed above is distinguishable from the kind of corporate social responsibility efforts at many institutions, and can have a much higher impact:

“The high-impact community investment loans product line grew $300 million from 2009 to 2010. In contrast to that, the Credit Union Central of Canada reports that in 2010, Canada’s credit unions contributed more than $37.5 million to their communities in the form of direct donations, financial services, sponsorships, scholarships and bursaries. Compared to grant-based community investments, the level of impact investment that can be provided through a loan portfolio is much higher.”\textsuperscript{37}

A Broader Approach
Vancity also plays a strong role in advocating for advancement of co-operative principles and practices, and sees this as part of their integrated approach:

“In addition to working on the ground to support co-operation and co-operative development, Vancity is also committed to working with our colleagues to strengthen the credit union system and advocate for regulatory change in support of a more co-operative economy.

\textsuperscript{32} Founding, (https://www.vancity.com/AboutVancity/VisionAndValues/Glance/Founding/)
\textsuperscript{33} Ibid., p. 133.
\textsuperscript{34} Vancity Three Year Plan, 2015-2017, p. 10.
\textsuperscript{35} Id.
\textsuperscript{36} Geobey & Weber, p. 132.
\textsuperscript{37} Ibid.
Advocacy is core to the work we do every day. In order to remain relevant, we must be connected to our members and to the communities in which they live and work. It is through our advocacy, that we gain the insights we need to activate our business model in service of building healthy communities that are inclusive, just and sustainable.”

Vancity is keenly aware of the danger that being a larger credit union could ironically lead such an organization into being more like a traditional financial institution, focusing mainly on the financial performance of the organization in the short-term:

“We are learning how all the connections in the real economy actually work but we understand that if we don’t find ways to re-link financial wealth and social well-being, we will not achieve our vision. We’re also at risk of contributing to the current financial system in a way that moves us away from our vision – of doing what is ‘good enough’ in the community rather than focusing on what is in the long term best interests of our members.”

Expanding the Concept of What a Credit Union Can Be and Do

It can be argued that in their early form, credit unions were, themselves, “disruptors” challenging the status quo, the assumptions that only people of means could – or should – have access to the tools and services that can ensure personal financial stability. By providing access to credit, financial education, and the basic economic tools that make financial security a realistic achievable goal, credit unions not only provided an invaluable social service and truly transformed their members’ lives, but they took an important stand against the forces that prevented so many people from achieving financial independence.

Still today, much work remains to be done. The social purpose credit union model we are proposing offers an attractive blend of classic credit union principles, an innovative approach that focuses on elevating entire communities and sound business products that add to the credit union’s financial stability. Of course, there are many other aspects for a credit union to explore to deepen its commitment to corporate citizenship and social finance. The approach is extremely flexible and allows for both incremental development and a broad reach. It also allows for some tremendous creativity from credit union leadership in how they wish to “live their mission” and create positive impact, not just for their members, but for their communities.

Understanding Community Needs

To really embrace this model it is necessary to have a deep understanding of community needs, strengths and weaknesses. In a recent interview with Quantum Governance, Tony Budet, University Federal Credit Union (“University FCU” or “UFCU”) CEO, recounted “Most [credit unions] have our roots back in the 1930s and we need to think about what to do now to fulfill our original goal, which

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38 Id. p.10.
39 Id. page 3.
was to bring the community together to solve their problems. Their (credit unions of the past) view was bigger than a balance sheet and income statement.”

**Engaging the Board – and the Executive Team**

It is crucial to the success of this model that it have the approval and support of both the Board and the Executive Team as each play an important role in both envisioning the future of the credit union using this model, and actually making it work.

Budet shared,

“As CEO, I had to think about where my time was going. I discovered that only a third was here (at UFCU), about a third went to CUNA, and a third to civic engagement. At my next Board meeting I laid out how I spend my time. We had a beautiful discussion and at the end the Board Chair asked for a show of hands on whether they supported me continuing to divide my time like this, and even though they didn't have metrics to measure the civic engagement and outreach, they still wanted me to continue. It's unusual for a Board to vote that way and I continued to focus two-thirds of my time and effort on immeasurables because they are strengthening the organization and lead to a better understanding of the community. The immeasurable in the end is the big differentiator.”

With regard to the next steps that UFCU needs to take to advance their mission along the spectrum of social purpose, Tony Budet reflected on the necessity of getting buy-in from the Board:

“University FCU needed to attract new leaders to our Board who were from within the community and had an interest in it, and it was a culture clash at first. It's difficult to go through that. A lot of credit unions will have this challenge if you don't have an anchor or group of people on the Board who are part of the community you serve. It needs to be Board-driven. We have a Board subcommittee, the North Star Committee, formerly called Banking for Good but we liked North Star because its role is to guide us and take the lead.

In a recent retreat, the Board determined the most critical issues facing our community that intersect with the purpose and mission of the credit union are: 1.) Economic empowerment 2.) Career readiness, 3.) Affordable housing and 4.) Educational attainment. This exercise has helped us better understand and focus ourselves as a credit union.”

Coro Strandberg, former Board Director of Vancity and a pioneer, thought leader and visionary in the field of corporate social responsibility, described the evolution of this social finance approach at Vancity:
“We didn’t have a roadmap. We had values-aligned managers but the idea of becoming more socially responsible was foreign. In the early days, we had managers from the traditional banking system. The Board was a little further ahead in their thinking. Eventually, one or two staff seized the idea. We started to shift the portfolio to be more socially responsible and eventually everyone embraced the mission. The strategy should be branding, imaging and marketing. Once [the Board has] declared their social purpose it gets imbedded into everything they do. Every touchpoint is infused with it. Corporate Social Responsibility is not why they (members) come to Vancity but it is why they stay and it is attracting Millennials. Once the business model crossed the paradigm shift, the Board started to use the language of Corporate Social Responsibility.”

Strandberg concluded,

“There's a framework now for this model. The steps start with prototyping and include putting it in your corporate strategy, making it a governance matter and adding it to your compensation strategy. You need to create metrics and add the metrics to performance reviews. Eventually the CSR strategy became embedded in Director onboarding and Board education. The credit union funded my knowledge in this area from Director training and even integrated it throughout all basic governance and strategies. At the point I left, it was a Corporate Social Responsibility strategy but now it's a Social Purpose Model.”

For more information on the social purpose credit union model outlined in this WhitePaper, please feel free to contact us at Quantum Governance, L3C. Michael G. Daigneault – CEO 703-801-7580 michael@quantumgovernance.net or Caitlin Curran-Hatch – Senior Governance Consultant 570-617-2371 caitlin@quantumgovernance.net or on the web at: www.quantumgovernance.net.
Appendix A

CREDIT UNION PHILOSOPHY

In 1935, when credit unions were helping Americans through the Great Depression, the treasurer of a Midwestern credit union said that credit unions were "not for profit, not for charity, but for service" and that philosophy holds true today.

Credit unions continue to look out for their members’ interests and provide a level of service that is not generally available at other financial institutions. Whether it’s providing a loan to help a member cover unexpected medical bills, giving financial counseling to a member whose company closed its doors, or simply offering a better deal on a used car loan, credit unions make a difference for their members and the communities they serve.

The CUNA Cooperative Alliances Committee has developed seven cooperative principles that reflect this commitment to serving members and their communities. These principles were inspired by the Rochdale Principles, which were named after the first successful co-op, founded in Rochdale England in the 1840s.

SEVEN COOPERATIVE PRINCIPLES FOR CREDIT UNIONS

1. VOLUNTARY MEMBERSHIP

Credit unions are voluntary, cooperative organizations, offering services to people willing to accept the responsibilities and benefits of membership, without gender, social, racial, political or religious discrimination. Many cooperatives, such as credit unions, operate as not-for-profit institutions with volunteer board of directors. In the case of credit unions, board members are drawn from defined fields of membership.

2. DEMOCRATIC MEMBER CONTROL

Cooperatives are democratic organizations owned and controlled by their members, one member one vote, with equal opportunity for participation in setting policies and making decisions.

3. MEMBERS’ ECONOMIC PARTICIPATION

Members are the owners. As such they contribute to, and democratically control, the capital of the cooperative. This benefits the members in proportion to the transactions with the cooperative rather than on the capital invested. For credit unions, which typically offer better rates, fees and service than for-profit financial institutions, members recognize benefits in proportion to the extent of their financial transactions and general usage.
4. **AUTONOMY AND INDEPENDENCE**

Cooperatives are autonomous, self-help organizations controlled by their members. If the cooperative enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by the member and maintains the cooperative autonomy.

5. **EDUCATION, TRAINING AND INFORMATION**

Cooperatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of the cooperative. Credit unions place particular importance on educational opportunities for their volunteer directors, and financial education for their members and the public, especially the nation’s youth. Credit unions also recognize the importance of ensuring the general public and policy makers are informed about the nature, structure and benefits of cooperatives.

6. **COOPERATION AMONG COOPERATIVES**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, state, regional, national, and international structures.

7. **CONCERN FOR COMMUNITY**

While focusing on member needs, cooperatives work for the sustainable development of communities, including people of modest means, through policies developed and accepted by the members.

These seven principles are founded in the philosophy of cooperation and its central values of equality, equity and mutual self-help. They express, around the world, the principles of human development and the brotherhood of man through people working together to achieve a better life for themselves and their community.

**Rochdale Principles**

https://www.tapcocu.org/?Cabinet=Main&Drawer=Why+TAPCO&Folder=7+Principles+of+Credit+Unions&SubFolder=7+Principles+of+Credit+Unions