

The State of The Movement 2019

Brian Branch
President and CEO

World Council of Credit Unions

117 Countries / 89,000 Credit Unions / \$2.1 Trillion in Assets
Serving 260 Million Members


Regional Systems

	Assets (US\$ Billion)	Credit Unions	Members (Million)
Africa	\$9.2	37,607	29.6
Asia	\$170.4	37,246	50.8
Caribbean	\$17.3	377	3.4
Europe	\$35.3	3,553	9.3
Latin America	\$87.6	2,987	39.3
North America	\$1,706.2	6,251	122.9
Oceania	\$89.0	1,005	4.8

1919: Industrial Age - 2019: Information Age

1919 Global Challenges	2019 Global Challenges
<ul style="list-style-type: none">• Famine• Health Breakthroughs• Women's Right to Vote• Conflict & Independence• Conflicting Ideologies• Communication Technological Disruption• Financial Market Disruption	<ul style="list-style-type: none">• Inclusive Growth• Displaced Populations• Climate Change• Financial Inclusion• Gender Equality• Healthcare• Communication Disruption• Financial System Disruption

Financial Access / Financial Inclusion
Financial Empowerment / Financial Disruption



TOP CREDIT UNION CHALLENGES



Regulatory Burden

Technological Disruption

Young Member Growth

Small CU Sustainability

Cyber Security

Represent Credit Unions Worldwide before International Standard Setters:

Limit Unnecessary Regulatory Burdens before they Arrive at the National Level:

Ensure Support of Credit Union Features such as the Cooperative Structure:

Improve Credit Unions' Regulatory Operating Environments in a Safe and Sound Manner:

- Basel Committee on Banking Supervision
- International Accounting Standards Board
- Financial Action Task Force
- Financial Stability Board
- European Union
- United Nations




RELEVANCE: SYSTEMIC

BASEL III CAPITAL RULES:
Basel Committee resulting in reduced capital requirement reduction

- reduced residential mortgage loan risk weights,
- reduced operational risk reserves for community based institutions,

LIQUIDITY RESERVE REQUIREMENTS:
 Basel III rules clarify reduced liquidity reserves that banks must hold for deposits made by CUs to allow better yields for CUs at banks.

CORRESPONDENT BANKING ACCOUNTS:
Basel Committee, Financial Action Task Force, Financial Stability Board guidance on information that **correspondent banks** ask from other institutions for AML/CFT to reduce de-risking of CUs.



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RELEVANCE: PROPORTIONALITY

DISCLOSURE:
 Basel III rules exempted credit unions and community based depository institutions optional at the national level.

CYBER REPORTING:
Financial Stability Board Cyber Lexicon clarified to limit compliance / reporting burdens on credit unions.

AML/CFT REPORTING BURDEN:
Financial Action Task Force guidance on AML/CFT streamlined for smaller & community based institutions.

STRESS TESTING:
Basel Committee principles to conduct stress test that are proportionate to the size, complexity, resources and risk profile.



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RELEVANCE: DISRUPTION

FINTECH REGULATION:
Basel Committee established international standards for regulation of “fintechs; subject to prudential, consumer protection, data security, AML / CFT regulation to establish a level playing field.

DEMUTUALIZATION:
Financial Stability Board resolution rules keep cooperative structure.
International Association of Deposit Insurers guidance on Resolution Issues for Financial Cooperatives de-emphasized demutualization for financial cooperatives.

EU GENERAL DATA PROTECTION REGULATIONS:
 Compliance guide for EU consumer protection records keeping and data breach notification for institutions serving resident(s) in the EU.



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European Network of Credit Unions

European Network of Credit Unions




- Credit Union Caucus
- EU Exemptions for CUs from Basel III Capital Rules
- Favorable Liquidity Rules for Deposits made by Credit Unions
- EU Data Protection Rules
- Mortgage Rules



Respond From a Position of Strength

Financial Strength: Earnings, Capital, Solvency



Earnings Trends
Six-Year Trend Top of Average Banks


Solvency Bench
Network Ratio Profile (%)

Interest Margins & Overhead
Income and Expense Components Top of Average Banks

Noninterest Income
Fee & Other Noninterest Income Top of Average Banks

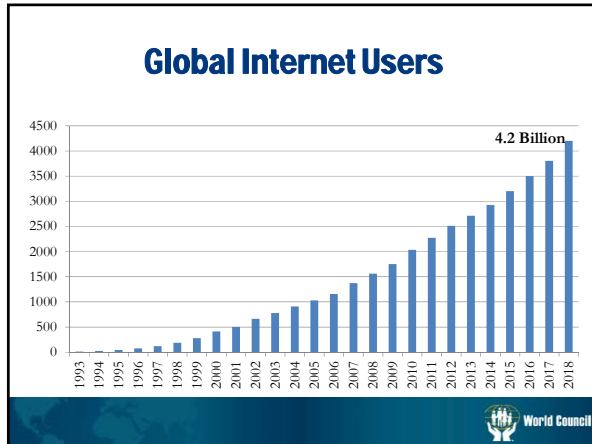
Stronger together: Through network with the state League, union can focus on what's most important.

1CUNA	
5,500 CREDIT UNIONS	5,000 credit union service providers
70,000 board members	
115 million credit union members	300,000 credit union professionals
11 CORPORATE CREDIT UNIONS	950 Credit Union Service Organizations



Technological Disruption





Non Traditional Entrants

FinTech
1,000 Companies
\$12.7B Funding

Venture Scanner

MARKET DISRUPTORS

New entrants

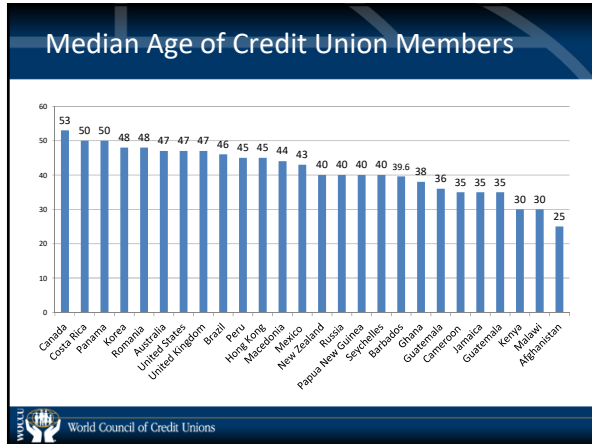
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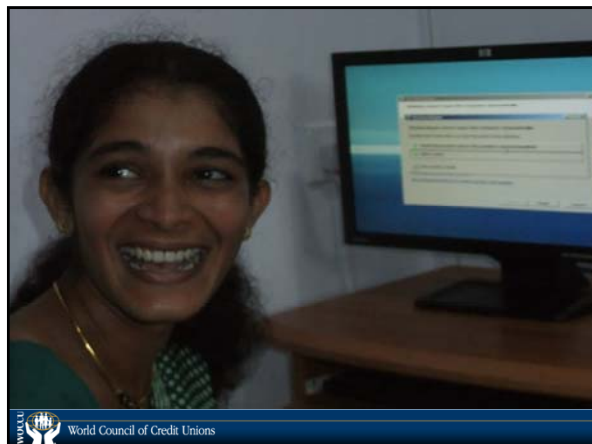
**New Beginnings Are Often
Disguised as Painful Endings**

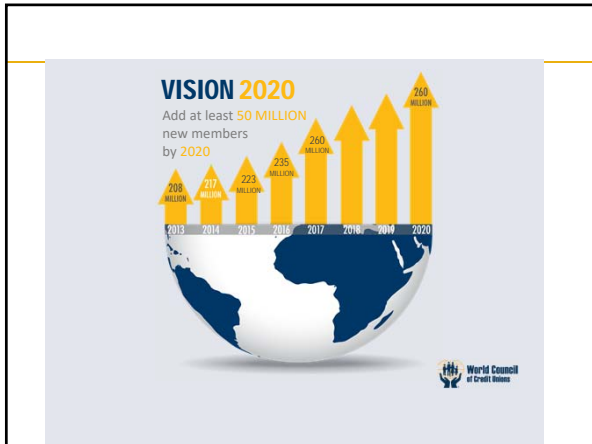
A group of five men are gathered outdoors, looking at a tablet held by one of them. They appear to be in a professional or educational setting, possibly a training session or a meeting. The background shows trees and a clear sky.

A group of five diverse young people are sitting on concrete steps outdoors. They are smiling and looking towards the camera. The group includes a man and four women of various ethnicities. The background shows a building with a staircase.

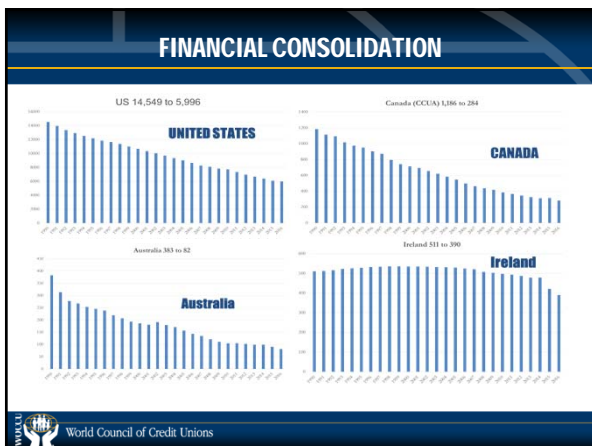


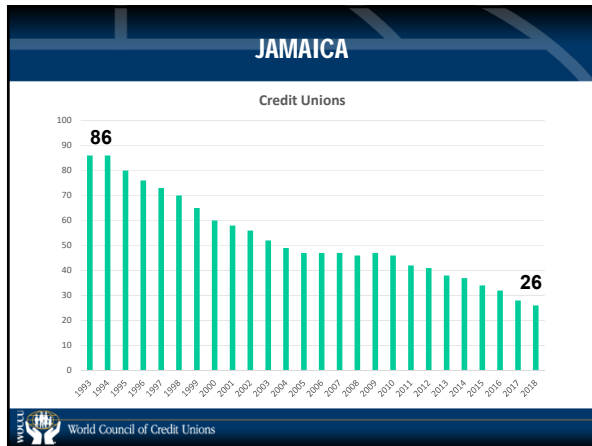




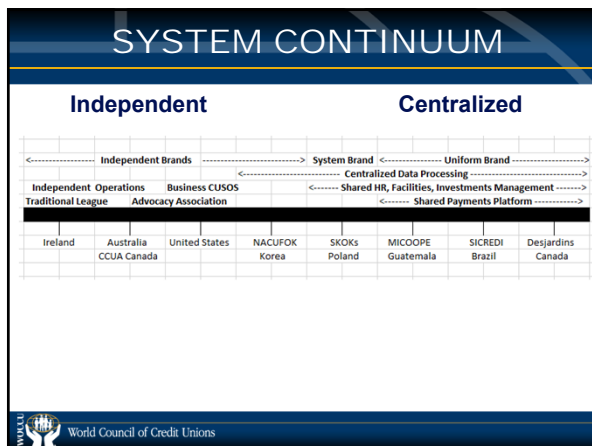














CYBER SECURITY

“Global flows of commerce, finance, credit , social networks ... weaving markets, media, central banks, companies, schools, communities, and individuals more tightly together ... making the world not only interconnected ... but interdependent ... Everyone everywhere is now more vulnerable to the actions of anyone anywhere”

Thomas Friedman



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What Does the Future Hold ?





Great Things Have Their Origin In That Which Is Small

VISION 2020




Vision 2020: Add 50 MILLION new members by 2020
Challenge 2025: Digitization of Global Credit Union System

CHALLENGE 2025

The Digital Future

Basic:	<input type="checkbox"/> Offer Services Online & Mobile <input type="checkbox"/> Back Office Processing <input type="checkbox"/> Payments Ecosystem Integration	Convenience
Shared Platforms	<input type="checkbox"/> Shared Investments, Expertise <input type="checkbox"/> Extended Points of Service <input type="checkbox"/> Leverage: Vendors, Strategic Alliances	Scale
Data Analytics	<input type="checkbox"/> Feedback in Design, Response <input type="checkbox"/> Best Options for Member (vs. Sales) <input type="checkbox"/> Pro-Active Financial Counseling	Trust
Risk Management	<input type="checkbox"/> Cyber Security <input type="checkbox"/> Identity, Data Protection <input type="checkbox"/> Consumer Protection	Protection

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