

my CREDIT UNION™
MATTERS!

2015 Credit Union
Community and Economic
Impact Report

Canada's credit unions: Banking for a purpose

"The credit union difference is all about service – to members and to community. Credit unions are grounded in the prosperity and quality of life in their communities. This means driving community and economic impact, as well as pioneering innovative approaches to banking."

More than 5 million Canadians trust their local credit union as their partner for day-to-day banking. Banking with a credit union keeps money in their pockets, while helping Main Street and small businesses prosper.

While each credit union is independent, democratic and locally controlled by its member owners, all credit unions share a common bond: a dedication to the people and communities they serve.

While other financial institutions focus on providing profits to shareholders, credit unions' purpose is to provide service to members. This extends to banking innovation that promotes prosperity and quality of life.

Locally, this spirit drives community economic development, supports members' financial empowerment and a wide-range of philanthropic contributions.

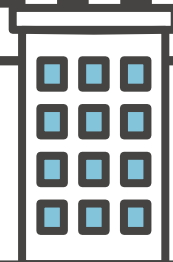
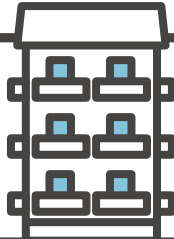
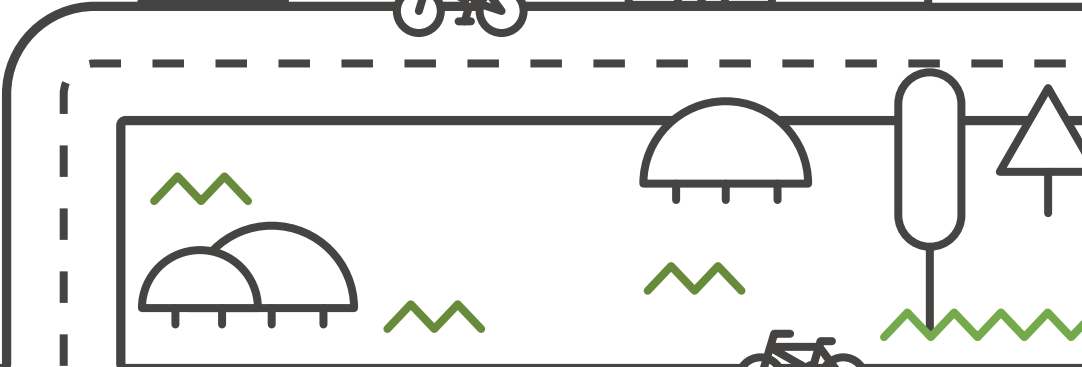
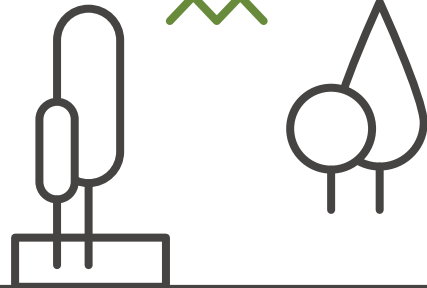
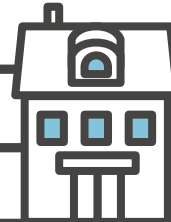
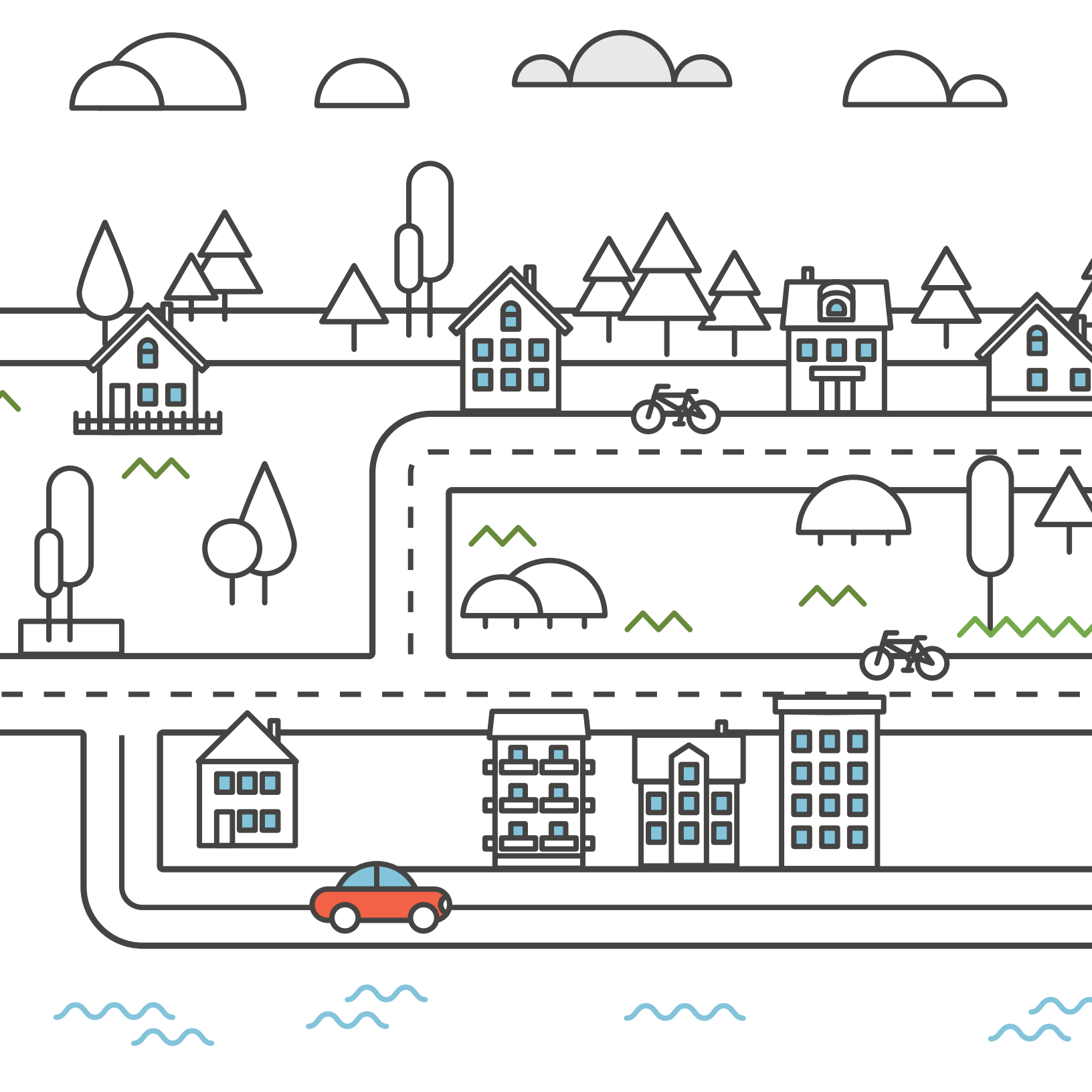
Together, credit unions contribute to the Canadian economy, making billions of dollars available that can be invested in jobs and growth.

This Community and Economic Impact Report provides some of the ways Canada's credit unions have helped communities and contributed to the economy this past year.

This fall, the Canadian Credit Union Association will replace Credit Union Central of Canada as the national association for credit unions. Canada's credit unions will be better positioned to work together to build a greater awareness of the co-operative values and unique differences that make them an integral part of Canada's communities.

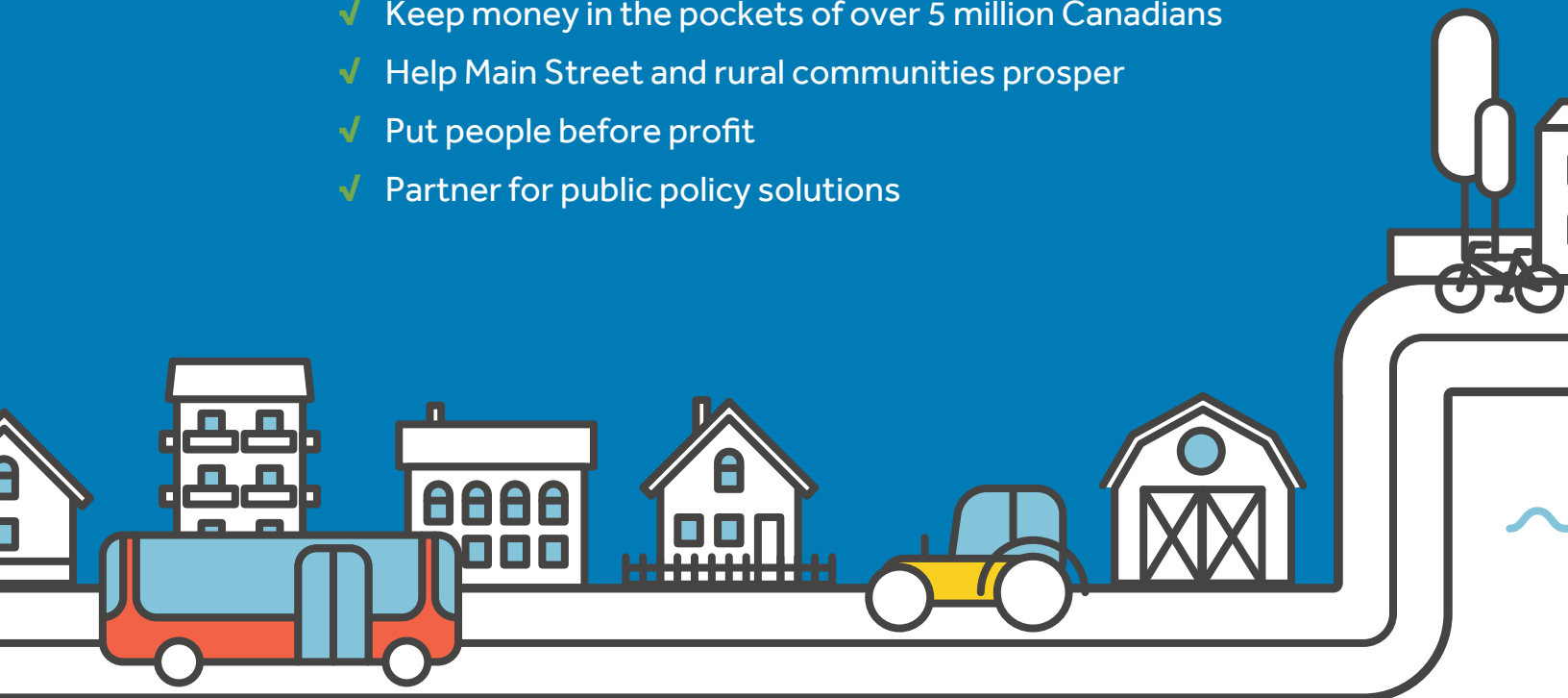


Martha Durdin
President and CEO



CANADA'S CREDIT UNIONS:

- ✓ Strengthen the Canadian economy
- ✓ Keep money in the pockets of over 5 million Canadians
- ✓ Help Main Street and rural communities prosper
- ✓ Put people before profit
- ✓ Partner for public policy solutions



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Ce document est aussi disponible en français.

CANADA'S CREDIT UNIONS ARE...

7 Strengthening Canada's **Economy**

Creating jobs, providing access to capital and contributing tax revenues are just some of the ways Canada's credit unions play a significant role in keep the economy strong and growing.

10 Keeping **Money in the Pockets** of more than 5 million Canadians

Credit unions help Canadians keep money in their pockets by providing free or low cost chequing accounts, access to a national surcharge free ATM network and by returning profits to members.

11 Helping Main Street and rural communities **Prosper**

Credit unions help keep their members' money local. They support small and medium sized enterprises and provide loans to farmers to benefit members in communities large and small.

15 Putting **People** before Profits

Credit unions have a unique way of doing business: money left over at the end of the year goes back into communities.

20 Partnering for **Public Policy Solutions**

Credit unions work with local, provincial and national governments to address pressing public policy issues, ranging from helping people manage debt through financial literacy and consumer protection measures, to supporting economic growth by providing access to capital for small businesses and farmers.



Canada's 303 credit unions...

- Serve **5.3 million** members (outside of Quebec).
- **1 in 5** Canadians is a member of a credit union.
- Operate from more than **1,740** locations.
- Are governed by more than **2,800** volunteer directors.
- Are co-operative financial institutions governed by **seven** internationally recognized co-operative principles.
- Hold more than **\$177 billion** in assets.
- Are the only financial institution operating in **380** Canadian communities.
- Employ more than **27,000** Canadians.

How we do banking:

Credit unions use a traditional banking model – taking deposits and issuing loans.

We don't build capital through share offerings or higher risk activity like investment banking and international business.

As a result, **credit unions hold 80%** of their capital in the form of retained earnings, compared to an average of **45% for the banks**.

Since 2008, credit unions have contributed more than \$293 million to Canadian communities. In 2014, credit unions contributed \$50 million through:





A proud history of credit union innovation

- ✓ First financial institutions to lend to women in their own names
- ✓ First to offer daily interest savings accounts
- ✓ First full-service ATMs
- ✓ First fully functional online banking
- ✓ First debit card service
- ✓ First registered education plans
- ✓ First branchless bank
- ✓ First cheque imaging service
- ✓ First payroll deduction service for deposits and loan payments
- ✓ First loans based on borrowers' character
- ✓ First open mortgages
- ✓ First home equity lines of credit
- ✓ First social impact bond publicly launched in Canada
- ✓ Alternative to payday lending products

Canada's credit unions: leading innovation and customer service

Credit union innovation: building an alternative to payday lending

Vancity Credit Union's Fair and Fast Loan™

Every day, Canadians faced with a financial emergency turn to fringe providers such as payday lenders for their unmet financial needs, often leading to a cycle of debt. In 2014, nearly 200,000 residents in British Columbia alone took out more than 850,000 payday loans. The annual percentage rate for a two-week payday loan is as high as 600 per cent.

Vancity saw a unique opportunity to drive impact and address member needs by developing the industry's first purpose-built alternative to payday loans – the Vancity Fair & Fast Loan™. Since its debut in March 2014, Vancity has funded hundreds of loans and its members have saved more than one million dollars in interest and fees, helping to break the payday loan cycle.

For their outstanding contribution to the industry by creating a unique and important new financial product, Vancity is the recipient of the *2015 National Credit Union Award for Innovation*.

Vancity



Credit unions rank first in customer service

For an 11th consecutive year, **Canadians ranked credit unions first** in overall Customer Service Excellence and Branch Service Excellence **among all Canadian financial institutions** in the 2015 Ipsos® Best Banking Awards program.

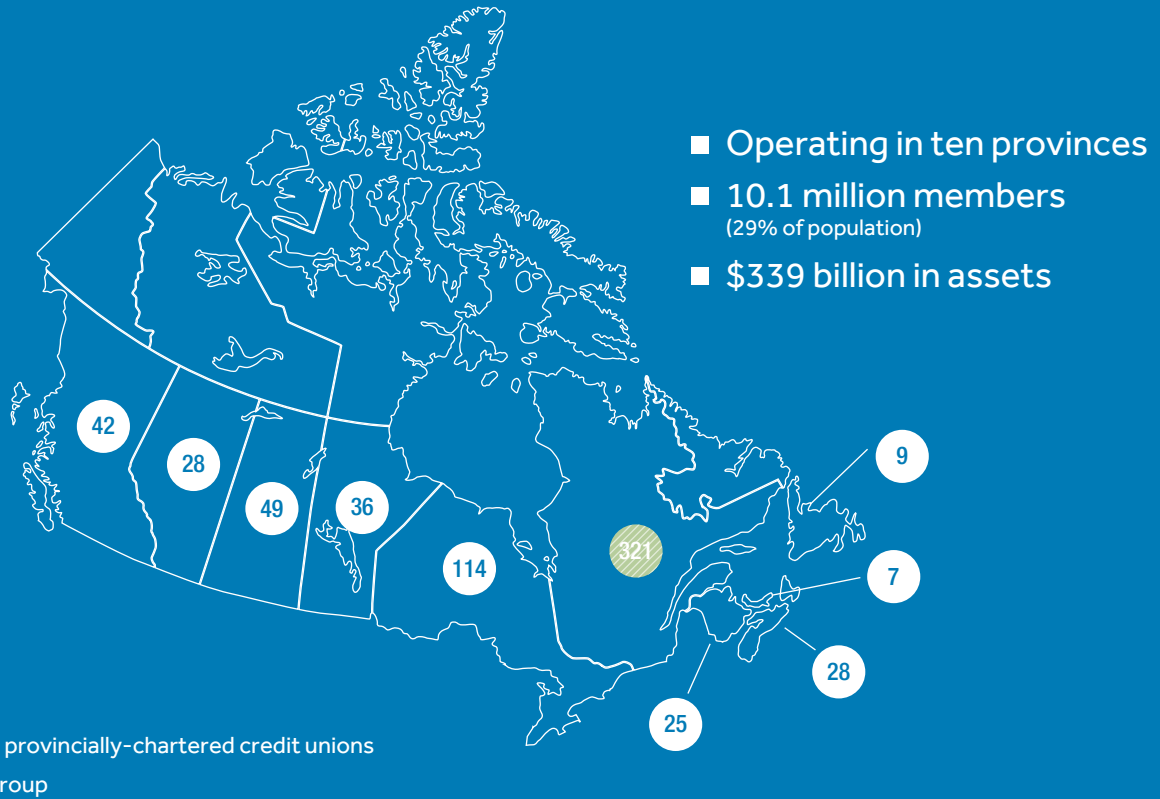
In total, Canadian credit unions received a record nine awards in the following categories:

1. First for Customer Service Excellence
2. First for Branch Service Excellence
3. First for Values My Business
4. Winner (tied) for Products & Services Excellence
5. Winner (tied) for Financial Planning and Advice
6. Winner (tied) for ATM Banking Excellence
7. Winner (tied) for Online Banking Excellence
8. Winner (tied) for Live Agent Telephone Banking Excellence
9. Winner (tied) for Automated Telephone Banking Excellence



The Canadian financial co-operative sector

Credit unions, caisses populaires and Desjardins Group
Second Quarter, 2015



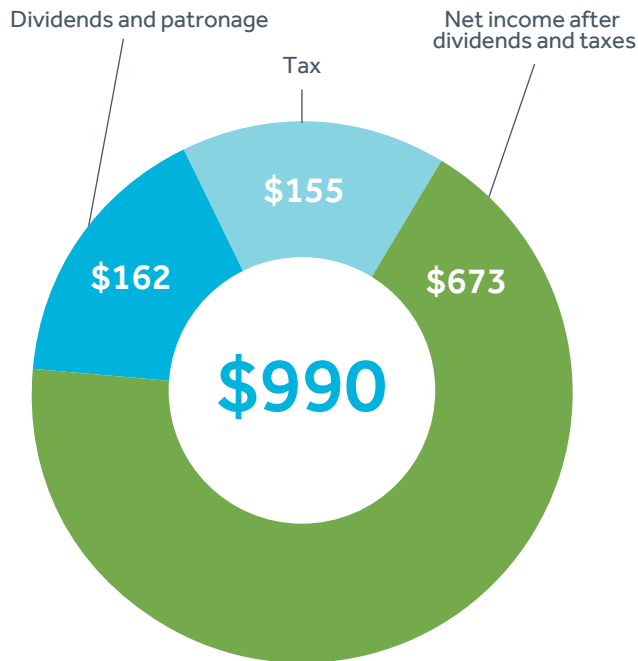
	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Members	1,917,446	637,400	473,372	635,825	1,552,388	4,412,523	224,663	150,375	52,286	54,406
% pop.	41%	15%	42%	49%	11%	54%	30%	16%	36%	10%
Assets (\$B)	\$64.32	\$23.46	\$20.25	\$26.26	\$44.67	\$151.91	\$4.21	\$2.23	\$0.89	\$1.12

Source for page 5: 2015 IPSOS Customer Service Index. Source for page 6: Credit Union Central of Canada.

Strengthening Canada's Economy

Keep money in local communities: Credit unions are engines of the local economy and keep their profits close to home. In 2014, credit unions paid \$162 million in dividends and rewards for using credit union services (known as patronage), \$155 million in tax to local, provincial and federal governments and retained \$673 million in net income. Net income is used to support future growth of the institution and to make community investments.

Keeping money in Canadian communities (millions)

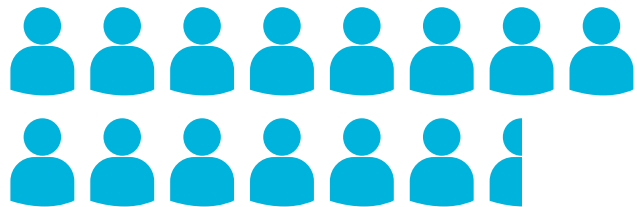


Create domestic jobs: Dollar for dollar, credit unions create almost twice as many jobs as Canada's top tier banks by focusing lending to local small and medium sized enterprises.

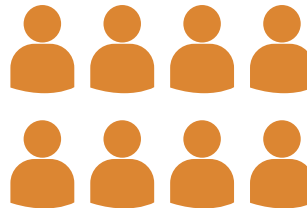
For every million dollars of lending, credit unions create a total of 14.5 jobs in Canada, compared with eight jobs created by the banks.

Number of jobs created by \$1 million in lending

JOBS CREATED BY CREDIT UNION LOANS

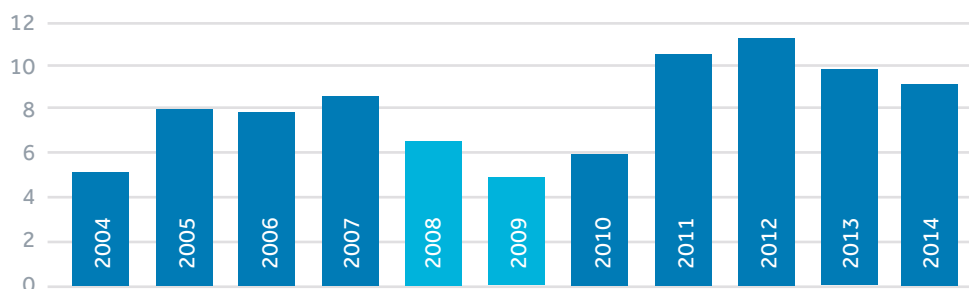


JOBS CREATED BY BANK LOANS

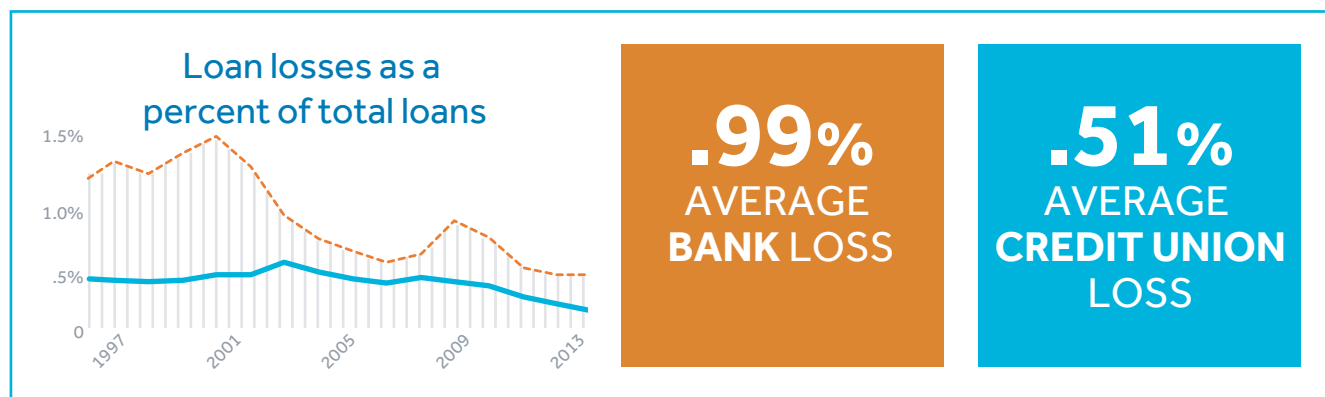


Support the economy through tough times: Credit unions are reliable lenders even through difficult economic times. During the 2008-2009 financial crisis, while year over year loan growth slowed, credit union lending kept a pace similar to 2004, a year of strong economic growth. As Canada recovered, credit union loan growth increased sharply.

Year-over-year change in loans outstanding (\$billions)



Secure and prudent lenders: Loan losses as a percent of total loans is a key indicator of the quality of lending and ultimately financial stability. During good times and bad, the credit union system consistently outperforms its bank competitors in making high quality loans.



Source for page 7: Credit Union Central of Canada based on Statistics Canada... Source for page 7 and 8: Credit Union Central of Canada.

Strengthening Canada's Economy

Provide small businesses and members with access to vital capital: In 2014, credit union lending activity grew by 6.6 per cent to support the needs of local small and medium sized enterprises, and consumers.



Good work at a good wage

Good wages make for strong local economies. So far eight credit unions have been certified as Living Wage Employers.

Certified living wage employers pay compensations sufficient to meet a locally-calculated cost of living and require their suppliers to do the same.

Living Wage Canada currently certifies employers in Ontario, British Columbia and Alberta.

Vancity



 Mennonite Savings
and Credit Union


Motor City
community credit union

firstcalgary
FINANCIAL
A division of ConnectFirst Credit Union Ltd.


Community Savings
the unions' credit union

ccec
Credit Union




Keeping **Money in the Pockets** of more than 5 million Canadians

Our low profit model and commitment to the financial well-being of members means credit unions can help Canadians hold on to more of their money.

2.5 MILLION FREE CHEQUING ACCOUNTS

Almost half - or **2.5 million** credit union members – have access to free chequing accounts including 1.3 million seniors and 1.2 million other members, such as students and vulnerable Canadians.



MEMBERS SAVED MORE THAN \$12 MILLION IN 2014



on ATM fees.

4,100 SURCHARGE- FREE ATMS

Members have access to surcharge free ATMs through THE EXCHANGE® and ACCULINK® networks.



RETURN \$162 MILLION TO MEMBERS

In 2014, credit unions **returned \$162 million of their profits to members**, on top of making community investments. That's roughly a 5% increase over 2013.

That works out to an average of \$29 in cash or shares for each of the 5.3 million credit union members.



Source for page 10: Credit Union Central of Canada calculation, based on Central 1 Research Benchmarking Study, Credit Union Free Chequing Accounts, June 2014; Credit Union Central of Canada State of the System, Part 1: Credit Union Member Demographics, December 2014.

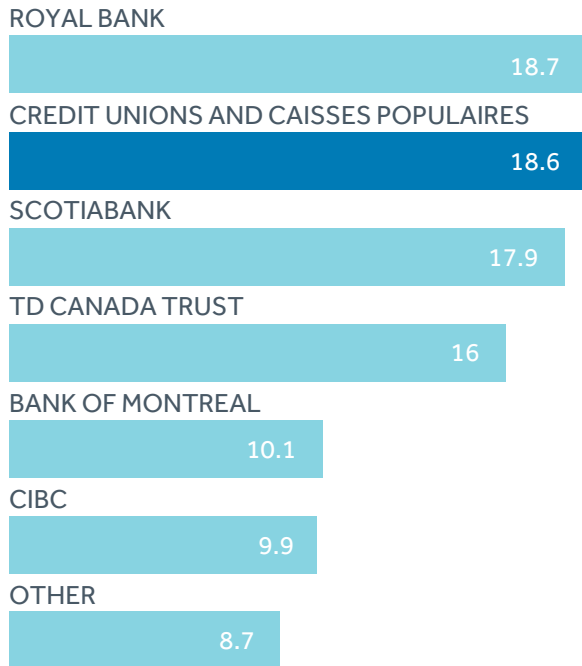
Helping Main Street and rural communities Prosper

Canadian credit unions are trusted partners of small businesses and are committed to helping rural communities prosper.

Leaders in small business lending

Credit unions and caisses populaires together hold **18.6%** of the market share in lending to the small and medium sized enterprises sector.

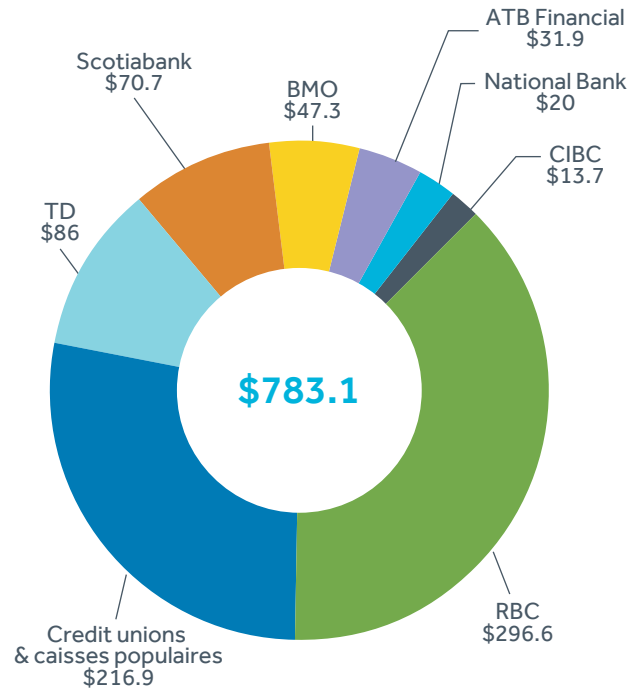
Percentage of small business market share.



Filling a void for small business lending

Credit unions and caisses populaires are the second largest providers of lending for entrepreneurs and small and medium sized enterprises through the federal Canada Small Business Financing Program.

Value of Canada Small Business Financing loans by Lenders (\$millions)



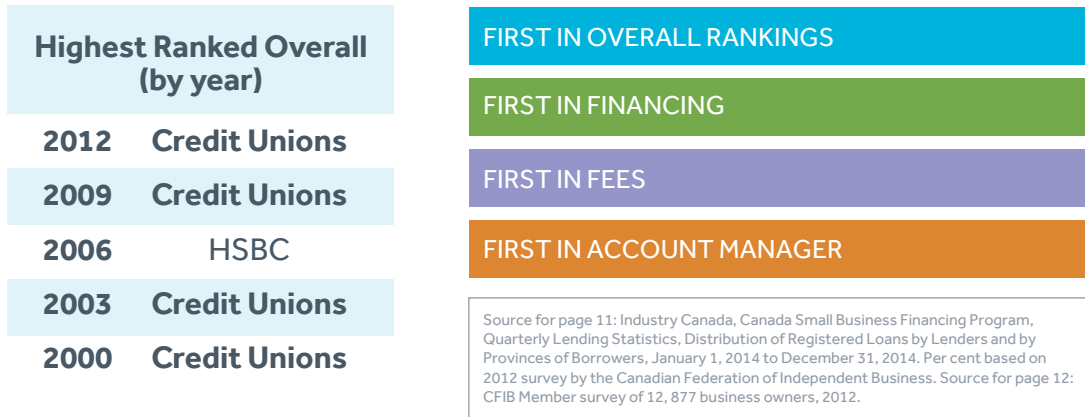
Small business owners most satisfied with credit unions

Credit unions outperform all banks in serving small and medium sized enterprises. Small business owners have rated credit unions highest overall for customer satisfaction in four of the last five Canadian Federation for Independent Business (CFIB) surveys.

Credit unions also received the highest overall score with top marks in three categories (financing, fees, and account manager).

2012 Business owner banking survey

Based on responses from 12,877 business owners



Helping Main Street and rural communities Prosper

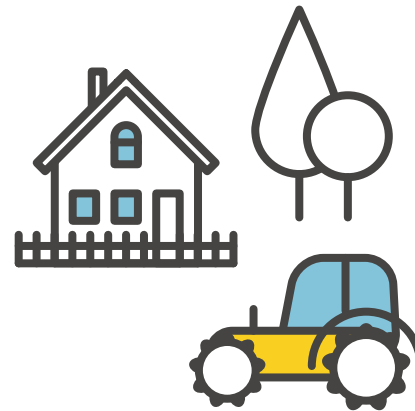
Supporting rural communities

In more than **380 communities**, a credit union is the sole financial institution providing financial services and making community contributions to help local businesses and families prosper.



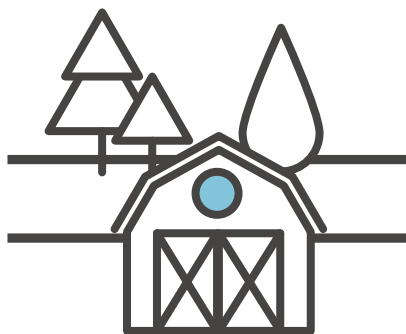
Supporting farmers

Credit unions have a long and distinguished history as significant and reliable contributors to the success of the agricultural sector. Relative to asset size, credit unions issue **3.2 times more** agricultural loans than chartered banks in Canada.



Helping farmers plan for unexpected events

The federal AgrilInvest program helps farmers plan by matching funds farmers set aside in dedicated accounts. Approximately **\$671 million** of the \$1.9 billion in **AgrilInvest deposits** are held at **credit unions**, representing approximately 36 per cent of deposits.



\$671 million

Providing access to credit to help agriculture grow

The federal Canadian Agricultural Loans Act (CALA) Program is a loan guarantee program to provide farmers with better access to credit in order to establish, improve and develop farms.

Under the CALA program, in 2014 credit unions were responsible for:

90%
OF CALA
LOANS ISSUED
(1,571 loans)

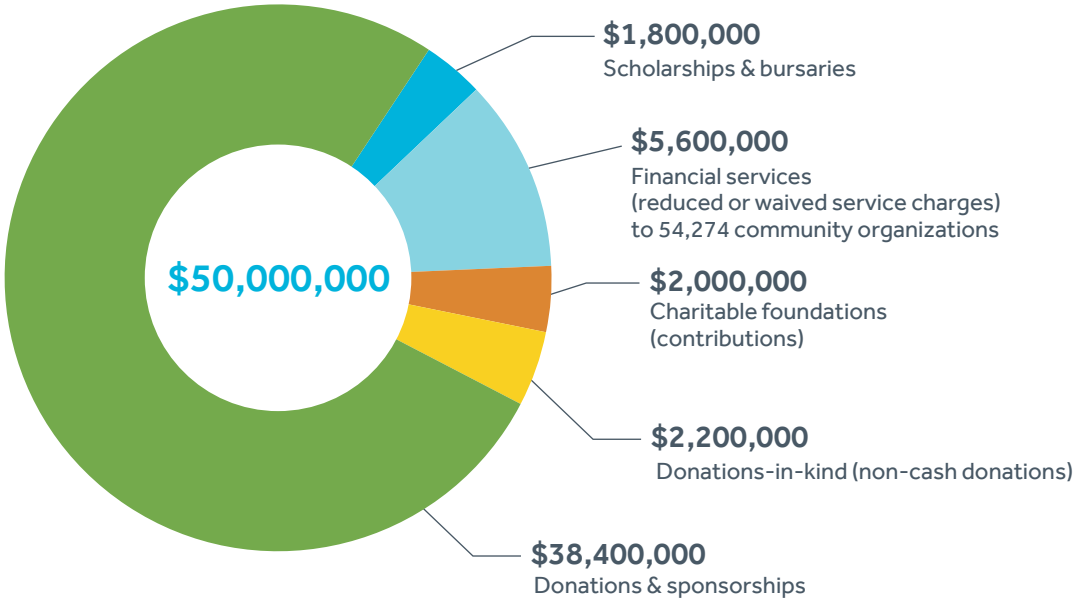
85%
OF THE DOLLAR
VALUE OF
CALA LOANS
(\$96.1 million)

Source for page 13: Source: Credit Union Central of Canada, Canada's Credit Unions: Supporting Canadian Agriculture, December 2014. Statistics Canada, Farm Debt Outstanding, Classified by lender, 2014; CUCC. Source for page 14: Agriculture and Agri-food Canada, AgrilInvest Administration, January 2012. This is the last available disaggregated data comparing AgrilInvest deposits at different financial institutions. Credit Union Central of Canada, Canada's Credit Unions: Supporting Canadian Agriculture, December, 2014.

Putting **People** before Profits

Credit unions have a unique way of doing business. Money left over at the end of the year goes back into the community in a number of ways, including donations and scholarships, bursaries and donations to charitable foundations. On top of this, credit unions' missions include providing members with excellent service, innovation in financial literacy education and social finance.

In 2014, credit unions contributed:



Volunteerism

In 2014, **79%** of credit union employees use their free time to represent the credit union in community activities or organizations.

Volunteerism is important to credit unions. **70%** of credit union employees participated in voluntary activities as part of paid work.

International Development

In 2014, credit unions contributed **\$2.1 million** to the Co-operative Development Foundation of Canada that works to create co-operatives and credit unions to help alleviate poverty internationally. This amount includes both cash donations and time donated through volunteering.

Tackling social and environment challenges through finance

Social finance is a relatively new category of finance that marries the aims of philanthropy with the mechanics of conventional financing. Canada's credit unions are social finance leaders by providing micro-loans to underserved entrepreneurs, socially responsible investing options, environmentally-friendly loans and lending to enterprises that are addressing pressing social and environmental challenges.

Together, credit unions are among the **dominant players in social finance in Canada**, ranking as the **3rd largest** organizational category by impact investment assets with **\$698.2 million**, or **17%** of the Canadian total.

Source for page 15: 2014 Community Involvement Survey. The survey conducted in 2015 received 254 responses from 312 invited credit unions. Source for page 16: The Responsible Investment Association, 2015 Canadian Responsible Investment Trends Report. Impact investments are defined as investments that provide solutions to social or environmental challenges by generating positive social and/or environmental impacts as well as a financial return. Co-operative Development Foundation of Canada



Putting **People** before Profits

Financial Literacy: Preventing financial abuse of older adults

In 2014, Canadian credit unions worked to prevent financial abuse of older adults by providing employees with the skills and training to protect members.

The program, *Financial Abuse of Older Adults: Recognize, Review and Respond*, equips credit union employees to recognize and prevent financial abuse of seniors. In just over a month between the launch of the course and the end of 2014, over 420 employees from 43 different credit unions registered to take the course.

The program was written and developed by Tamlo International Inc., and is distributed exclusively by CUSOURCE Credit Union Knowledge Network, the training arm of CUCC. The course was launched to mark Financial Literacy Month 2014.



The launch of Financial Abuse of Older Adults: Recognize, Review and Respond was held at Winnipeg's Good Neighbours for Active Living Centre in November 2014 and featured remarks by (back row L to R) Ted Richert, Vice President, Credit Union Central of Manitoba, Lawrence Toet, M.P. Elmwood-Transcona; Martha Durdin, President and CEO of Credit Union Central of Canada; (front row L to R) the Honourable Deanne Crothers, Manitoba Minister of Healthy Living and Seniors; the Honourable Alice Wong, federal Minister of State for Seniors; Dara Maternick, Coordinator Prevent Elder Abuse Manitoba; Susan Sader, Executive Director, Good Neighbours Active Living Centre; and Jane Rooney, Financial Literacy Leader.

“The challenge was created to inspire social or environmental change in the community. The goal was to fund a local business whose passion was to make their world a better place.”

Credit unions powering social enterprises: 'Business-for-Good Social Venture' Challenge

Affinity Credit Union's 'Business-for-Good Social Venture' Challenge was created to inspire social or environmental change in the community. The goal was to fund a local business whose passion was to make their world a better place.

Through a crowdfunding competition in Saskatoon and area, a number of businesses took the challenge. In keeping with a credit union tradition of local community involvement, three finalists were selected, and Affinity Credit Union staff and members voted for their favourite by donating online. An additional \$50,000 prize was offered to the business that raised the most money, and all of the finalists got to keep the money they raised.

The most money – \$59,000 in total – was raised by the Saskatchewan Environmental Society Solar Power Co-operative (SES), which created a project to harness the sun's energy by covering a farmer's field with solar panels.

SES was awarded the \$50,000 prize – which amounts to enough money to purchase solar panels to supply electricity to as many as 25 homes.

For their dedication to economic equity and generous sense of community, Affinity Credit Union is the recipient of Credit Union Central of Canada's 2015 *Community Economic Development Award*.

Affinity
Credit Union



Putting **People** before Profits

"Collectively, participants have saved \$1.2 million dollars, bolstered by \$2.9 million in matching funds."

Helping Canadians grow their savings and financial confidence

Working with community partners, Assiniboine Credit Union created a special *Asset Building Program* to encourage qualified members to save for their financial goals. For every dollar saved, Assiniboine provided matched funds at a three-to-one ratio, with funds raised by non-profit community partners.

More than 3,300 Manitobans have benefitted from the *Asset Building Program* since it began. Collectively, participants have saved \$1.2 million dollars, bolstered by \$2.9 million in matching funds.

Assiniboine employees embraced their supporting roles and in 2014 alone, through the United Way campaign, 75 per cent of employees raised \$80,000 for Asset Building programs thereby dramatically changing lives within their communities.

For their work with partners to develop Winnipeg's first *Asset Building Program*, Assiniboine Credit Union is the recipient of Credit Union Central of Canada's *2015 National Credit Union Social Responsibility Award*.

Assiniboine
CREDIT UNION



Partnering for **Public Policy Solutions**

In 2014, Canadian credit unions worked with governments to tackle pressing public policy problems including:

- ✓ Providing and promoting alternatives to fringe financial institutions
- ✓ Offering no fee chequing accounts to almost half of all credit union members
- ✓ Providing loans to help new Canadians update their qualifications through the federal Foreign Credential Recognition Program
- ✓ Helping farmers make investments and set aside rainy day funds through the federal AgrilInvest program
- ✓ Helping to foster a strong SME and entrepreneurial sector by participating in the federal Canada Small Business Financing program
- ✓ Supporting the National Strategy for Financial Literacy by educating frontline staff to prevent financial abuse and fraud targeted at older members

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