



CREDIT Union Lines

AIL CANADA

TOOLS AND RESOURCES FOR CREDIT UNIONS • JULY 2009

THE BLUE PAPER of the Month

“The Current ‘Credit Concern’ Makes This The Ideal Time To Market Your Debit Card”

As consumer borrowing plunged more than expected this year, lenders began to notice something very revealing: The decline was led by a record drop in credit card use.

Credit card volume plunged by 9.7 percent. This is the sharpest drop in dollar terms since federal records began in 1968, according to the Associated Press (April 8, 2009).

It is also the steepest percentage fall since 1978.

More startling is the fact that as credit card use has dropped, debit card use has skyrocketed.

A recent Nilson Report shows that as early as the year before last (2007), debit cards already accounted for the majority of card purchase transactions — actually 56.2 percent. And within three years (by 2012), debit cards are projected to account for almost two-thirds of the card market (60.9 percent).



This month’s AIL Blue Paper deals with this subject. It’s titled **“THE CURRENT ‘CREDIT CONCERN’ MAKES THIS THE IDEAL TIME TO MARKET YOUR DEBIT CARD.”**

It gives the latest research on the factors behind the credit card drop and the rise of debit card use. ♦

For your complimentary copy, just contact your AIL representative or call the AIL Credit Union Center at 800-278-6661.

Trends and Topics

CLAUDE GAUTHIER ELECTED NEW CCA PRESIDENT

Claude Gauthier, Ontario Region Manager of GROWMARK, Inc., has been elected president of the Canadian Co-operative Association (CCA), a national organization representing more than 2,000 co-operatives and credit unions across Canada.



Gauthier, who joined the CCA board in 2004 and was previously the association’s vice-president, is a long-time leader in Ontario’s agricultural co-op community. A bilingual native of Northern Ontario, he served as president of United Co-operatives of Ontario (UCO) in the 1990s and joined GROWMARK when it bought UCO in 1994.

Gauthier replaces Dave Sitaram, who had been CCA’s president since 2004. Sitaram announced at the association’s annual general meeting that he would not seek re-election as President, but would remain active in the association as a Director.

The CCA board also elected two vice-presidents: Beryl Bauer, representing Federated Co-operatives Limited and Jill Kelly, representing Central 1 Credit Union’s B.C. Region. Sheena Lucas, who represents The Co-operators on the board, was elected as an executive member.

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CU Trends and Topics

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Sitaram, vice-president of the Auto Workers Community Credit Union in Oshawa, Ontario, was one of two incumbent directors re-elected at the annual meeting; the other was Clarence Olthuis, chair of UFA Co-operative Limited

Two new board members were also elected: Marcel Garvie, president of Co-op Atlantic, and Yuill Herbert, a founding member and director of Sustainability Solutions Group Worker Co-operative. Herbert will sit on the board as a representative of the Canadian Worker Co-operative Federation. ♦

ECONOMIC CONDITIONS TAKE A TOLL ON B.C. COMMERCIAL REAL ESTATE

Investors in commercial real estate face growing uncertainty over the sector's financial and economic outlook, according to the latest "Economic Analysis of B.C." newsletter published by Central 1 Credit Union.

Canadian monetary policy is highly expansive, even as business loan growth stalls due to contraction in the real economy. Commercial real estate investors face more rigorous financing criteria. "The outlook is for financial conditions to continue improving from the worst phase of the financial crisis in late 2008," said Central's Economist, Dave Hobden.

In the real economy, B.C.'s current dollar gross domestic product (GDP) is forecast to shrink by 5 percent in 2009. Stagnant consumer spending and less

investment in housing and businesses will more than offset

a lower international merchandise trade deficit and rising government investment. The recession is forecast to last until late 2009 or early 2010 and to be followed by a slow recovery.

The recession is taking a toll on investment real estate values and sales volumes. Vacancy rates are rising and lease rates are edging down, lowering net operating income and driving asset prices down. Capitalization rates are rising with long-term Treasury yields and higher risk premiums, further depressing asset prices.

"The outlook is for commercial real estate markets to recover within one to two years, although previous highs are unlikely to be reached over the next five years," said Hobden. The number of improved commercial real estate sales is forecast to decline by 17 percent from 2009 to 2010, following a 34 percent drop from 2007 to 2008. A modest rebound in sales volume is forecast for 2011.

Non-residential building construction will follow B.C.'s economy through this recession. Construction spending is forecast to shrink by 17 percent from 2009 through 2011, following a slight contraction in 2008. Commercial and industrial building construction will decline, while government building construction remains fairly steady. ♦



YOUNG LEADERS FLOURISH AT PEI SEMINAR

On April 30, the Atlantic Co-operative Youth Leadership (ACYL) program hosted its first 2009 session at Canoe Cove, Prince Edward Island, where more than 40 youth and seven

volunteer facilitators from across

Atlantic Canada took part in one of the most successful seminars to date. Seven of these participants were sponsored by Credit Unions in New Brunswick.



Serving the Community



Participants attended interactive sessions focusing on the co-operative structure and the important role credit unions play within communities, as well as the "Show Me the Money" session, which focuses on developing financial literacy.

ACYL has announced that it has taken a new step toward engaging and attracting youth to co-operatives and credit unions. Upon completion of seminars throughout 2009, participants will be eligible to win one of four Apple iPod touches by accomplishing small co-operatives tasks, like becoming an owner at a Credit Union. ♦



Comments? Suggestions? Questions?

Call the Credit Union Center Hotline:

1-800-278-6661