



CREDIT Union AIL CANADA **lines**

TOOLS AND RESOURCES FOR CREDIT UNIONS • DECEMBER 2009

THE BLUE PAPER

of the Month

“The Financial Crisis And Corporate Bailout Are Raising Concerns About Secondary Capital”

At the recent CEO Roundtable of the country’s 200 largest Credit Unions, the number one topic was the concern about a single issue.

The issue: secondary capital.

The two major questions are:

- What is *secondary capital*?
- Why do Credit Unions feel they need it?



In 1998, Congress applied the commercial banking version of PCA (Prompt Corrective Action) to all federally insured Credit Unions.

As Credit Unions seek to grow and their bottom line continues to be affected by the corporate bail-out and other problems connected with the present financial crisis, the restrictive definition of “net worth” for PCA purposes could become a barrier to growth.

That’s why this month’s AIL Blue Paper examines this important subject. The paper is titled **“THE FINANCIAL CRISIS AND CORPORATE BAILOUT ARE RAISING CONCERNS ABOUT SECONDARY CAPITAL.”**

This issue explains the background of Prompt Corrective Action, discusses expanding the definition of “net worth,” and details what the Credit Union movement must do at this time. ♦

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

Trends and Topics

SERVUS CREDIT UNION PARTNERS WITH MEXICO’S CAJA YANGA CREDIT UNION IN WOCCU PROGRAM

On October 8, a little Canadian credit union history was made when Servus Credit Union, headquartered in Edmonton, Alberta,



signed a formal partnership agreement with Caja Yanga Credit Union in Veracruz, Mexico. The partnership, facilitated by World Council of Credit Unions’ (WOCCU) International Partnerships Program, is the first direct relationship involving an individual Canadian credit union.

“Partnering Servus with an international credit union has been my dream for some time,” said Penny Reeves, Secretary of the WOCCU board of directors and director for the Canadian credit union.

Currently, the only other Canadian partnership exists between Central 1 Credit Union of British Columbia, which operates similarly to a U.S. corporate credit union, and the Credit Union League of Hong Kong.

The formal partnership between Servus and Caja Yanga continues the relationship that began in March. Officials from the two partner credit unions met then in Córdoba, Veracruz, to examine Caja Yanga’s outreach to rural communi-

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CU Trends and Topics

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ties and the success of WOCCU's PATMIR II project, funded by the Mexican Ministry of Agriculture, Livestock, Rural Development, Fishing and Food (SAGARPA). The project has helped Caja Yanga grow its membership and strengthen its role as a financial institution.

Caja Yanga also has taken an additional member-service step as the pilot credit union for WOCCU's MatchSavings.org. The online program allows people around the world to match the small savings of individual Caja Yanga members through a dedicated website. By helping Caja Yanga members save for things like housing, micro-business, education, and healthcare expenses,



MatchSavings.org participants are helping the credit union's poorest members build savings habits as a first step toward overcoming poverty.



Caja Yanga needs assistance in developing sound policies and procedures to help better manage in-branch ATMs, an area in which Servus can help. "We can learn from Servus' experience in rolling out new initiatives," said Margarito Saavedra, Caja Yanga's general manager. "We will place special emphasis on enhancing our electronic delivery channels."

In return, Servus officials hope their credit union's experience with Caja Yanga will help their employees stay in touch with their cooperative roots and make a contribution to international credit union development. "I'm delighted to formalize this international partnership and hope to both share and gain from the experience," said Garth Warner, president and CEO of Servus. "No matter the size of our organizations, we share in our commitment to helping members." ♦

SASKCENTRAL PRESENTS "A FEAST FOR THE EYES" FUNDRAISING GALA

SaskCentral, the umbrella organization for Saskatchewan's 65 credit unions, presented "A Feast for the Eyes" fundraising benefit for the Art Gallery of Regina on October 17. The event celebrated the art of food, music, fine wine, and coffee, set to the theme of "An Evening in France."

An array of chefs from Regina restaurants created delectable canapés, and chocolatier Vernard Callebaut served some of his exquisite creations. Wine tasting was courtesy of Select Wines Canada Inc. and beer tasting courtesy of Big Rock Breweries Canada. Coffee tasting was provided by Organo Gold Coffees International.

Gail Bowen, Regina author and creator of the Joanne Kilbourn Mystery Series, read from Julia Child's book *My Life in France* and other selections. Guests were



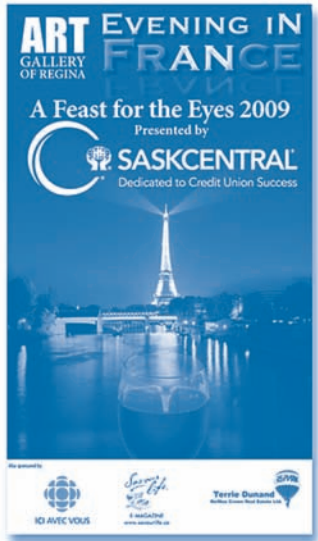
Serving the Community



entertained by French musicians, including a soloist, choir, ac-

cordion player and mime. A silent auction featured unique artists, jewelers, interior designers, industrial designers, authors, and businesses from around Regina.

Guests voted for their favorite food in three different categories: best culinary visual presentation, best flavor, and audience choice. The winners received the Art Gallery of Regina's Red Plate Award. ♦



Comments? Suggestions? Questions?

**Call the Credit Union Center Hotline:
1-800-278-6661**