

THE NEW CREDIT UNION DEVELOPMENT MODEL IN BANGLADESH: IT'S DISTINCTION FROM TRADITIONAL CONCEPT

Liton Hubert Gomes

The Graduate School, University of Santo Tomas, Espana St. Manila, Philippines;
Notre Dame College, Dhaka, Bangladesh

ABSTRACT: *The New Credit Union Development Model (NCUDM) transforms and modernizes CUs with professionally-managed and highly-skilled paid staff along with experienced volunteers leading. Meanwhile, a traditional Credit Union (CU) concept is based on a small, local standard and volunteer-run organization. Using phenomenological inquiry, the study aims to explore a portrait of a transformative and modern NCUDM and its distinction from the traditional CU concept. The phenomenological bases of this inquiry are researches undertaken in other countries which are proven to have been successful; thus, a study of this nature becomes necessary. The data are gathered using in-depth interviews, expert panel, focus group discussions and secondary data from the Cooperative Credit Union League of Bangladesh Limited from 2007 to 2014. This study identified practical actions that support the transformation of traditional CUs in Bangladesh to a new paradigm with the adaption of the NCUDM and its nine important attributes – ideology, organization, human resources, operating environment, marketing, member savings, member loan, financial discipline and financial structure. Based on the findings of this research study, achieving social goals, economic goal must be prioritized. Thus, the NCUDM serves as guide in ensuring a more affordable and accessible future success of the new paradigm in financial and social missions. Therefore, this research proves its significant contribution to knowledge and transformation of CUs in Bangladesh to a new paradigm.*

KEYWORDS: *traditional credit union concept, the new credit union development model, transformation, new credit union paradigm.*

Introduction

Credit unions (CUs) gained identity as mutual and self-help financial institutions. They are established to offer accessible, affordable and quality financial products and services to its members. CUs focus on commercial goals for sufficient income maximization to ensure maximum economic and social benefits to its members. The economic mission of CUs is to offer quality financial service to unserved/underserved from mainstream financial institutions to reduce poverty and financial exclusion. On the other hand, its social mission is to offer financial literacy education to members in the wise use of money and in the management of financial affairs and other social activities (Donnelly, 2004; Fuller and Jonas, 2002). Members of CUs know each other; they share **cooperative values** – self-help, self-responsibility, democracy, equity and solidarity; **ethical values**– fairness, respect, responsibility, caring and honesty; **religious values** – trustworthiness, equality, unity and accept unserved/underserved; and, **common purposes** – community building,

working together for everyone's benefits and reduced financial suffering and plight. CUs raise funds from members through variety of savings and loan products and where human and social values protect funds (Donnelly, 2004; Fuller and Jonas, 2002).

Franz Hermann Schulze-Delitzsch began urban CU in 1852 in England, while Friedrich Wilhelm Raiffeisen founded the first rural CU in Germany in 1864. In Bangladesh, the CU movement started in 1955. The first CU established in Bangladesh was 'The Christian Cooperative Credit Union Limited, Dhaka' (best known as 'Dhaka Credit'). This is found within the urban Catholic Christian community in the Capital City of Dhaka. Rev. Fr. Charles. J. Young, CSC, is the father of CUs, while Most Rev. Lawrence Leo Graner, CSC, is the visionary of CUs in Bangladesh. Part of the social and missionary responsibility of the Catholic Church is to encourage rural communities including Muslims, Hindus and Buddhists to participate in the CU movement; thus, spreading fast country-wide.

In 1979, Dhaka Credit established the National Federation of CUs in Bangladesh called, 'The Cooperatives Credit Unions League of Bangladesh Limited' (CCULB). Passion and awareness of CUs are considered by Catholic Christians as seeds, thus, causing it to spread widely in Bangladesh. In the last sixty years, credit unions grew in number but unmatched by growth in members and assets. Presently, the total number of CUs in Bangladesh is 720, thirty-three (33) of which are considered large in terms of assets and membership; 184 are medium and 503 are small (Gomes, 2012). Several countries have similar experience in terms of growth (Jones, 2007; Donnelly, 2004).

Members of Credit Unions are usually inspired by the spirit of self-help, cooperative philosophy, human and social values. Moreover, they willingly work to uplift own financial development. CUs are established on the basis of 'residency' or 'employment/workplace', 'church community' or 'particular community', association or particular company', 'trade union' or 'particular political party', and 'profession' or other forms of small communities (Donnelly, 2004; Fuller and Jonas, 2002).

Schulze calls CU "people's bank," a bond of association that requires members to contribute substantial share capital as security; Raiffeisen's CU strongly focuses on human and social values. Schulze's CU approach focuses on urban-setting while Raiffeisen's is poor rural-oriented. Schulze considers entrepreneurs important while Raiffeisen significantly gives importance to microfinance. Schulze relies on commercial approach, where Raiffeisen relies on strong bonds of solidarity, presently known as social capital (Owen, 2007).

CUs began with prioritized social goals based on a mindset of small, society-oriented, volunteer-run organizations for affordable loan services to low-income members; very little priority was given to business objectives for long term sustainable development (Decker and Jones, 2007). Well-wishers, researchers, experts and previous leaders remark that CUs grow in number but unmatched by growth in terms of members or assets. CUs with the largest number are unable to generate sufficient income from business to sustain operations which raises questions about directors' competency and management performance. Khan (2014) posits that there are a number of flaws in activities of cooperatives in the country, among which are: cooperative societies are

ineffective due to lack of competent operational personnel, lack of leadership, lack of training and research and lack of logistic support.

Presently, CUs are found in urban, rural and industrial areas in the country. Two schools of thought divide CU leaders. One school of thought links CU objective following some form of classical-based economic model. Leaders link CU functions to economic relationship and between CU and its members. Another school of thought defends credit unions' main objective which is the promotion of thrift directed to fulfill human and social missions. The differing views on CU objective functions should benefit from an analysis of how CU principles fit within the overall CU principles throughout their emergence and development into the current internationally-accepted principles adopted by WOCCU.

The above indicators and assumptions are wake-up calls for CUs in Bangladesh to have research and development. This study aims to explore the attributes of CUs in Bangladesh and identify practical interventions to adopt the NCUDM attributes for change/transformation; this move has been proven successful in other countries (Jones, 2009, Donnelly, 2004; Fuller and Jonas, 2002). Thus, a study of this nature becomes necessary. Specifically, this study follows two-fold goals. **First**, it explores the term “New Model Credit Union Development” (NCUDM), and differentiates it from the traditional concept as accounted for by previous researchers. **Second**, it identifies practical actions and interventions that could support the transformation of CUs to a new paradigm called NCUDM that adopts such attributes as ideology, organization, human resources, operating environment, marketing, member savings, member loan, financial discipline and financial structure. Figure 1 signifies the theoretical framework of present study.

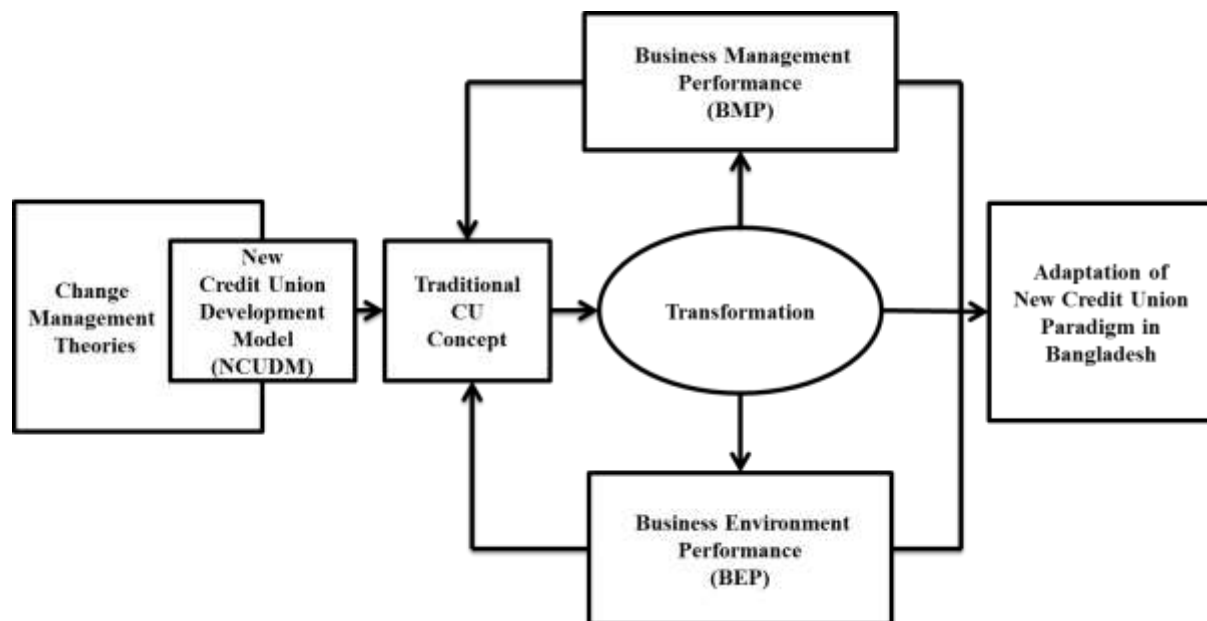


Figure 1. Theoretical Framework

The Traditional Credit Union Concept

The traditional credit union concept focuses on 'social development' (Jones, 2002; Richardson, 2000b). Researchers note that traditional concept has an image of a small, local standard, closed-hand, volunteer-run community organization, founded on a common bond and provides low cost loans to people with low income (Jones, 20012; Fuller and Jonas , 2008). Traditional concept in rural poor community lack resources to save and fund their own loan; thus, most of this type of CUs are unsustainable and seek external grants or donations to assist its operational expenditures. It accesses premises, equipment and allowance of part-time staff; otherwise, it won't survive without external grants. Traditional concept focuses on member loans rather than member savings, and the amount of loan depends on the number of shares. As a result, it suffers continuous shortage of loanable funds (Fullar and Mellor, 2008; Jones, 2005; Richardson, 2000b.).

This study recognizes the slow growth of British credit unions since they follow the traditional social development credit union concept (Jones, 2004). Hence, credit unions are financially-weak with limited organizational capacity and continuous dependency on external grants (Jones, 2004). Member services are often poor, operating environment is unsuitable, premises are uncomfortable, and services depend on volunteers' availability. A number of CUs tend to serve social goals within the workforce and not to be built for market-oriented expansion. They do not adopt commercial standards and practices; they capture only a portion of employee savings. They provide small loans. This study finds out that the traditional concept is not capable of building institutional capital; thus, it cannot offer market rates of return on savings and competitive interest rates on loans. Researchers in Britain (Dayson, Paterson and Conaty, 2001) and in Bangladesh (Gomes, 2007) argue that, inevitably, traditional concept has limited capacity to serve low income communities; thus, CUs often suffer from a perception of being a 'poor person's bank' (Jones, 2004; Richardson and Lennon, 2001).

Defining the New Credit Union Development Model (NCUDM)

Researcher David C. Richardson introduced the concept of the new model credit union development in 1987 and applied this in Latin America from 1987 to 1994. He was able to transform selected inefficient and vulnerable Guatemala CUs into competent and sound financial institutions (Decker and Jones, 2007; Branch and Cifuentes, 2001; Richardson, 2000a, 2000b.). Researcher Paul A. Jones modified and applied it to British CUs from December 2002 to March 2005. A radical process to restructure an organization and its operations (Brach and Cifuentes, 2001), NCUDM is understood as a 'sea-change' in thinking about organizing and managing CUs (Jones, 2012) and identified a successful route map both regionally and nationally (Jones, 2005). The new developments demand new vision, new work and new knowledge. The NCUDM transforms CUs through the management of professionals and highly-skilled paid staff and volunteers with diverse experiences. Mentioned in the study is the prioritization of economic goals and achievement of its social goals (Jones, 2001; Richardson, 2000b).

The NCUDM is founded on seven core doctrines of success: (1) serve the financial needs of the large population; (2) ensure maximized savings; (3) portfolio diversification; (4) efficient operations; (5) financial discipline; (6) self-governance; and, (7) assimilation. These doctrines of success contrast the operation of traditional concept. The NMCUD is a new CU paradigm with a

road-map to transform traditional CUs into a more effective financial institution as 'Quality Credit Unions' (Decker and Jones, 2007; Jones, 2006).

Attributes of NCUDM

Richardson identified eight attributes of the NCUDM: ideology, legal aspects, human resources, marketing, interest rates, credit, financial discipline and financial structure (Richardson, 2000b; Jones, 2002), while Jones focused on nine: ideology, organization, human resources, marketing, operating environment, savings, credit, financial structure and financial discipline (Jones, 2009). These nine key attributes are fundamental; these were innovated directly from research assessment and identified as most significant for transformation to new CUs paradigm (Jones, 2012). Figure 2 shows the nine important variables of the NCUDM.

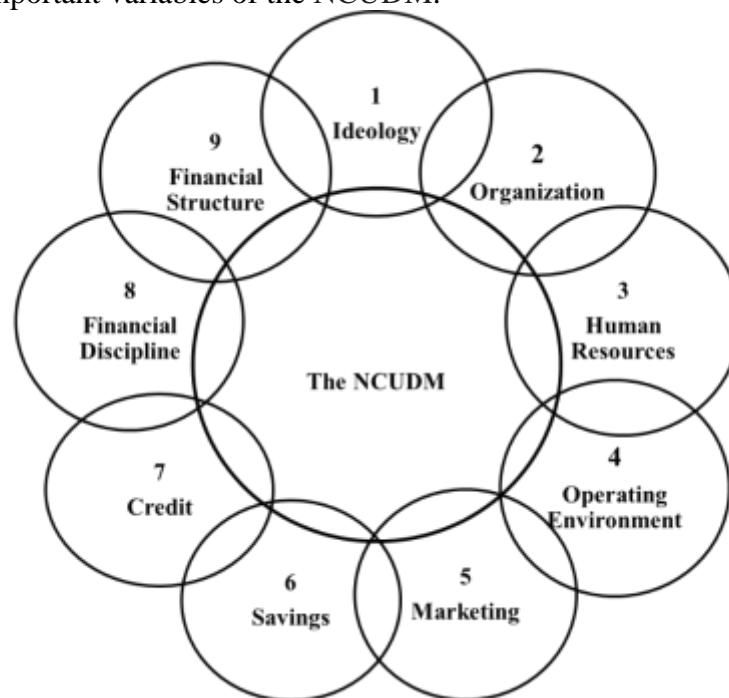


Figure 2. The Nine Attributes of NCUDM

Table 1 focuses on the distinction between NCUDM and traditional concept from the perspective of researchers (Jones, 2009, 2002; Richardson, 2000b.) in terms of attributes.

Table 1. Distinction on the Attributes between NCUDM and Traditional Concept

SN	Attributes	Traditional Concept	NCUDM
1	Ideology	Society-oriented, small, reactive	Oriented towards business in order to fulfill social goals; more innovative and growth-oriented.
2	Organization	Diverse community activities, locally-developed, lower income groups, manual or outdated IT and poor image.	Specializes in financial activities, world standard, and diverse income groups, modern IT, corporate image.
3	Human Resource	Volunteer-dependent, lack of business & financial experience, high staff turnover	Corporate approach with paid CEO/manager/administrator, well-trained professionals with competent business & financial experience, low staff turnover
4	Operating Environment	Outdated, restrictive by-laws, lack of external regulation, isolated from other agencies	Modernized, permissive & growth-oriented by-laws
5	Marketing	Limited to promotions of publicity, ignores research & development, uninviting premises	Integrated with business plan, on-going research & development, convenient & welcoming
6	Member Savings	Low priority, interest below market rate, limited & unnoticed savings products	First priority, competitive interest rate, diverse & attractive savings products
7	Member Loan	Inflexible lending policies, lack of loanable fund, single interest rate, weak credit analysis & checks	Market-oriented lending approach, available loan funds, interest rates related to loan character, capacity & risk-based credit checks
8	Financial Discipline	Locally-maintained; diverse calculations in the accounting system, diverse financial criteria, ineffective auditing	Maintain WOCCU PEARLS standard, report on prescribed time, effective & qualified auditing
9	Financial Structures	Overly dependent on external support, inadequate reserves, fragile	Standard capitalization, strong reserves, adequate resources, maintain PEARLS

The WOCCU has implemented the NCUDM in a number of countries such as Bulgaria, Macedonia, Moldova and Romania as well as outside Europe, in Kenya, Rwanda, Uganda, Philippines, Sri Lanka, Uzbekistan, Bolivia, Ecuador, Jamaica and Nicaragua. Many countries have seen the success of the new paradigm while others still have to improve. The success of CUs depends on the local context and differs from one country to another, and how leaders and staff work on it. The new model credit union development is stable, safe and viable. Financial institutions have been found to be applicable in Europe in Asia and in Africa just like what it was in Latin America.

The NCUDM attributes are grouped into three clusters: (A) Business Culture – Ideology; (B) Operational Management – organization and human resource, operating environment, marketing; and (C) Financial Management – member savings, member credit or loan, financial discipline and financial structure.

Business Culture

1. Ideology is the first attribute and the basic tenet of NCUDM. It is commercially-oriented. New ideology is a revolutionary step to strengthen CUs towards becoming highly-efficient financial institutions (Jones, 2002; Richardson, 2000b). It explores four components: mentality, attitude, approach, and vision-mission. The **mentality** ideology considers CUs as commercially-oriented and business-like. The ideology on **attitude** is more oriented towards innovation and competition.

As to **approach**, ideology is more growth-oriented; it does not remain small. **Vision-mission** ideology is oriented towards having a clearly-written and conscience-aware vision-mission rather than autopilot. The new ideology calls for a radical change in policy, practice and organizational structure. CUs grow faster when planning and managing the business based on objective and robust data. More business-focused approach demands robust business & strategy planning, suitable premises, updated IT, and skilled and knowledgeable staff (Jones and Decker, 2008b; Richardson and Lennon, 2001).

Operational Management

2. Organization: The second attribute – professional and commercial organization – is central to CUs for its effective development (Jones, 2004; Richardson, 2000b). Organization explores nine major components: **activity, policy, membership, service, image, products, information, complaints and procedure**. **Activity** is financial services for members and other diverse community activities. **Policies and standards** follow international core principles and values. **Membership** is open-hand; it welcomes diverse income groups. **Service** is prioritized on members by responding to their needs. **Image** is the portrayal of organization which must be very visible, accessible and professional rather than poor and unnoticed. **Products** vary from savings to loan access based on members' needs. **Technology** is modern and fast in accessing members' needs. **Information** is clear, easily available and transparent for all level. **Complaints procedure** is clear procedure and answered faster; thus, improving financial services.

3. Human Resource is the third attribute. NMCUD requires employing staff with enormous financial knowledge and technical skills to transform credit unions to effective financial institutions (Jones, 2004; Richardson, 2000b.). Human resource explores six major components: **governance, staffing, technical knowledge, business and financial experience, staff remuneration and staff turnover**. **Governance** is more corporate; there is a volunteer with expertise who leads the Credit Union in partnership with paid manager/administrator/CEO. In terms of **staffing**, there is paid staff; recruitment process is clear with specific job description. **Technical knowledge** is enormous and there is on-going coaching and training to develop and update IT. In terms of **business & financial experience**, the personnel who operate the organization inside and outside the community are competent and professional. The **staff remuneration** is based on standard practice; it is competitive and provided with benefits. **Staff turnover** is low; satisfied staff stays longer.

4. Operating Environment is the fourth attribute of NCUDM. A new business-oriented CU requires modern procedure/process, regulation/legislation and relates with agencies inside and outside the community to ensure high quality service and products according to members' needs (Jones, 2004; Richardson, 2000b.). It helps strengthen and transform CUs to become effective financial institutions. **Operating environment** explores four major components – **legislation, regulation, external environment and goal achievement**. In terms of **legislation**, by-laws, procedures and process are modern, permissive and growth-oriented. **Regulation** is established with prudent operating standards. It establishes active partnership with the **external environment**, that is, key organizations, agencies, federation, confederations and WOCCU. It **achieves** the goal cited in its vision-mission and work towards its growth.

5. Marketing: Marketing is the fifth attribute of NCUDM. This attribute is not about publicity but one that builds a well-known brand. It is developing strategies to ensure that members of the community know and value it as their financial partner (Jones 2012). Planning for a marketing strategy helps upgrade the image of the institution and it portrays professionalism and efficiency (Jones, 2004; Richardson, 2000b). Marketing explores six major components – **premises, furniture and equipment, research, marketing plans, approach and dress code**. **Premises or its shop-front office** must be accessible to members to give them the opportunity to access services regularly. **Furniture and equipment** in the office, including its facilities, must be modern and decorated to portray professionalism and efficiency. **Research**, when done on a regular basis, helps understand the needs of the members and allows innovation for new services. **Marketing plans** increase members' confidence, ensure growth and financial stability. **Approach** of staff must be welcoming and comfortable and promotes a good image; it bonds people and builds confidence. **Dress code** for staff is smart and decent to build its corporate image and exhibit professionalism.

Financial Management

6. Member Savings is the sixth attribute of NCUDM. Savings is the first priority of CUs and member savings mobilization is at the heart of NCUDM. The ability to attract significant member savings is the ultimate test of commercialization (Jones 2004, Richardson 2000b). Member savings explores five major components – savings mobilization, interest on savings, savings policies, motivation and implementation. **Savings mobilization** prioritizes savings, introduces diverse saving products with varying conditions and terms (Spear, 2003; Branch and Baker, 2000). **Interest on savings** is offered with a competitive rate to attract members to save more. **Savings policies/procedures** are accessible and made clear to members. **Motivation** is to prompt members to develop the attitude of saving. CUs diversify risk, reduce losses and boost profitability. This makes them better financial service providers to all members of various levels. **Implementation** is stimulating members to save regularly based on the purpose for which they save.

7. Member Loan is the seventh attribute of NCUDM. Member loan may be the second CU factor but practically it is the heart of CUs. Low-income members are more attracted to accessibility, convenience and flexibility of loans available from CUs (Jones, 2004; Richardson, 2000b). Member savings explore seven major components – administration, interest rates, credit analysis, credit checks, loan amount and loan risk. Accessible, convenient and flexible loan **administration**, effective record keeping and market-oriented approach to lending attract members. **Interest rates** vary depending on the kind of loan. It is usually competitive with market rates and often less than commercial bank rates. **Credit analysis** is more systematic; its depersonalized procedures aim to analyze members' capacity and willingness to pay. **Credit checks** are related to loan risks. **Loan amount** is available depending on diverse needs and demands of members within regulatory limits, based on risk. **Guarantees** should be solid, convertible to cash, if necessary, and registered. **Loan risk** is a process for loan recovery with clear activities.

8. Financial Discipline is the eighth attribute of NCUDM. The central and core aspect of NCUDM is the introduction of a new systematic approach to financial management and discipline (Jones, 2004; Richardson, 2000b.). Financial discipline explores eight major components – **financial report, financial indicators, delinquency ratio, bad debt provision, net income distribution, liquidity reserves, internal audit and strategy planning**. Financial report/statement is prepared

and completed within a prescribed deadline each month. **Financial indicators** are in accord with PEARLS standard. In terms of **delinquency ratio**, CUs monitor this according to PEARLS standard. **Bad debt provision** is also in accord with PEARLS standard. CUs follow a yearly write off of bad debts; 100% provision of net liability of debt more than 12 months in arrear; and, 35% provision for debts more than 3 months arrear. **Net income distribution** is paying competitive dividend rate to members unlike commercial banks. **Liquidity reserves** should be sufficient to meet operational needs and available to members for their demands of uncommitted share withdrawals. **Internal audit** is active and effective process. **External audit** is by professional and appropriate qualified accounting firm; or, it follows the suggestion or assistance of the federation. **Strategy planning** is preparing a well-designed strategic plan annually and monitored and controlled monthly.

9. Financial Structure is the ninth attribute of the NCUDM. It strengthens CUs financially in the process (Jones, 2004; Richardson, 2000b). Financial structure explores three major components – financing, capital reserves and initial investment. In terms of **financing**, CUs mobilize savings instead of external grants. It follows the PEARLS standard financing system. **Capital reserves** follow PEARLS standard system. **Initial investment** follows PEARLS standard system. Permanent capital reserves are the only means to build long term economic strength and institutional growth for credit unions (Grace and Branch, 2000; Richardson 2000b). ‘PEARLS’ is a financial management tool capable of measuring key areas of credit union operations both in terms of financial structure and growth. It enables credit unions to identify problems potentially and find solutions for institutional deficiencies (Richardson, 2001).

Transformation of Credit Unions in New Paradigm

Managing Transformational Change: In the new millennium, change is happening in all levels of organizations whether small, medium or large. Change is a core requirement for continual success in organizations. It is intentional, purposive, data-driven, values-oriented and action-oriented. Change is based on experience, grounded in theory and focused on learning (Gallos, 2006). The success of organizations depends on how competent leaders deal with change (Anderson and Anderson, 2001). Change Management is a systematic process where an organization responds to and adapts to the forces in order to increase its effectiveness and ensure its survival (Leban and Stone, 2009). There are four key factors (4c) in leading change: (1) coordination – supporting a strategic change; (2) competencies – external and internal resources; (3) commitment – individual helps evaluate and determine the best direction; and (4) communication – concise and consistent of new vision (Leban 2009).) Table 2 demonstrates three most common types of changes in organization (Anderson, 2001):

Table 2.Types of Changes in Organization

Changes	Perspective
Developmental change	Improvement of the present skill, method, performance standard and condition. There are two basic assumptions: first, people are capable of improving; and second, they will improve if they have reasons, resources, motivation and training.
Transitional change	Transitional changes are re-organizations, mergers or consolidations, installation of computers or new technology and creation of new products, services, systems, processes and policies or procedures that replace old ones. It requires dismantling the old state and creation of a new state.
Transformational change	Transformation is the new type of change. It calls for a deeper understanding of change; it demands a new set of leadership awareness, skills, approaches and strategies. It is a radical shift from one state to another effective state. Leaders must transform their beliefs about people, organizations, and change it. The three elements of a comprehensive transformation strategy are (1) content; (2) people; and, (3) process. Content refers to external components such as strategy, structure, systems, processes, technology, work practices, etc. People refer mostly to the internal domain – behaviors, emotions, minds, and spirits of the human beings who are designing, implementing, supporting, or being impacted by change. Process refers to planning, designing and implementing the actions that will produce both external (content) and internal (people) changes. All three areas must be integrated into a unified transformation effort that moves an organization from where it is today to where it decides to be in the future.

WOCCU (Richardson, 2000b) states that transformation in CUs depends on seven key elements: (1) to serve financial needs of an economically-diverse population; (2) maximization of savings; (3) product diversification based on members' needs; (4) operating efficiency; (5) financial discipline; (6) self-governance or autonomous control by board; and (7) to bring financially-excluded into the mainstream economy. Jones notes (2009, 2004) that small, socially-oriented CUs transform/change into fully independent, more accessible and affordable financial service-oriented business-like organizations. Transformation in CU is a change in thinking, in culture, in organizational structure, in operations and in management throughout the credit union. The process of change in CUs begins when leaders, officers and members start to think differently about the purpose and development of credit unions.

New Credit Union Paradigm

There is a natural tendency for leaders to make change and advocate direction as 'the new paradigm' or 'paradigm shift' getting rid of 'blinding effects of the previous one' (Göktürk 2008). 'Paradigm' comes from the Latin word, '*paradigma*', or the Greek word, '*paradeigma*' which means 'an example', 'a model' or 'a pattern.' Therefore, the new paradigm is the basic way of perceiving, thinking, valuing and doing a subject matter or a research field with a particular vision of reality. The concepts, values, perceptions and practices shared by a community, which forms a particular vision of reality is the basis of the way a community organizes itself. A set of rules and regulations can be written or unwritten and does two things: (1) it establishes or defines boundaries; (2) it tells the users how to behave inside those boundaries in order to be successful (Göktürk, 2008). Thus, the NCUDM is a model or guide that ensures the new credit union paradigm journey provides a more affordable and successful future to members focused on financial institution throughout the world including Bangladesh. Richardson identified and

introduced the NMCUD as ‘the paradigm shift’ or ‘new paradigm’ or a ‘sea-thinking’ (Rogers, 2012; Jones, 2002; Richardson, 2000b.).

Business Environment Performance (BEP)

CU has a set of business principles and values to guide operations. Figure 2 shows a typical governance system linking the seven core principles (voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education-training and information, cooperation among credit unions and concern for community, and traditional governance structure which has four elements: [1] members – general assembly [2] board [3] principal committees – supervisory, education and audit; and, [4] operational management). This makes CUs different from other financial institutions (Rogers, 2012; WOCCU, 2007).

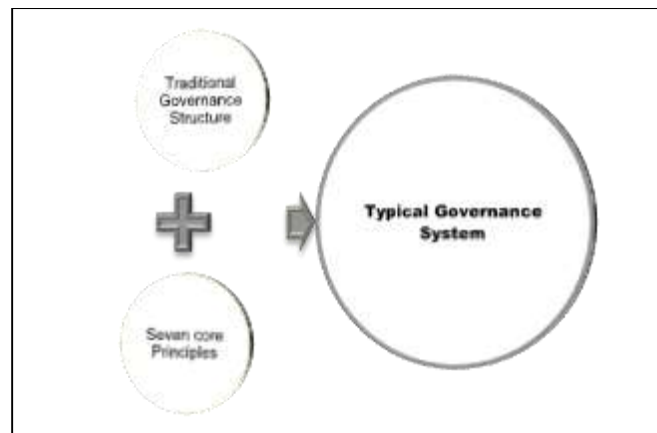


Figure 2. Typical Governance System of a Credit Union

The above-mentioned business structure, principles and values play a great role in organization and operation. Based on this, the present study identifies twelve basic components of business environment performance that are most important and competitive to CUs in Bangladesh (validated through in-depth Interviews, FGD and EP):

- ❖ **Member-Relations:** CUs are association of persons according to Raffeisen (cited by Jones, 2012). Their common bond is based on economic reality, shared identity, shared vision and cultural meanings. Members come together to practice strong common bond in a small community to fulfill financial needs and social responsibility.
- ❖ **Community Building:** Members come from diverse income groups; together they build a strong community based on solid financial foundation to support each other's financial needs.
- ❖ **Core Values:** According to the founder of CU, human, religion and social values are collaterals to secure financial capitals, especially member loan.
- ❖ **Change Awareness:** Members have full conscience awareness to respond to transformation/change using the principles of democracy, formation, economic participation and concern for community.
- ❖ **Leadership Structure:** Team leadership is one of the core principles of transformation/change. Leaders lead CUs as a team practicing the core principles.

- ❖ **Leadership Behavior:** Everyone has a right to participate in credit union management. Members practice rotating leadership.
- ❖ **Democracy Practice:** CUs are democratic organizations controlled by members based on the principle of ‘one member, one vote.’
- ❖ **Cooperative Values:** CUs are purest cooperatives and share cooperative values of self-help, self-responsibility, democracy, equity, equality and solidarity.
- ❖ **Training/formation:** Training and education of members in terms of wise use of money and in managing financial affairs. CUs clearly empower and increase community capitals (Green and Haines (2002) – human, social, and financial through member education.
- ❖ **Financial Assistance:** Members are united for financial service; together they are strong to fulfill financial needs of members.
- ❖ **Member Satisfaction:** CUs are owned by members; it is a self-help financial institution established throughout the world to serve its members, especially in accessing affordable savings and loans.
- ❖ **Directors’ Competency:** Members come from diverse occupation and profession; hence, they have enormous experience in finance and business and therefore capable of leading CUs to make it a strong financial institution.

Access Branding: Analysis & Diagnosis Tool

In a competitive environment, ACCESS: A Competitive Choice for Excellence in Service and Soundness, was introduced by ACCU for Asian CUs. It arms CUs with critical insight to build optimal organization-wide brand strategy. It shows CUs how returns from a well-managed brand can be greater than those of any other business activity (ACCU, 2014). ACCU developed Balanced Scorecard Architecture comprising 86 indicators on four areas of operations – finance (including PEARLS), learning and growth, customer-member processes and internal business processes. ACCESS indicators more accurately guide financial management. In terms of business, ACCESS requires the use of audited financial information to create ratios that will identify which areas CUs need attention and improve operations and services. The result is efficient service and higher profits.

This diagnostics tool helps develop branding strategies for CUs capitalizing the competitive advantage. ACCU provides technical assistance to CU members in implementing the ACCESS strategies. The branding strategies define the role of the Credit Union Movement as a new leader in the Financial Service Sector. It promotes business-like characteristics that differentiate CUs from other financial institutions. CUs are expected to become dynamic and innovative financial institutions. ACCESS engages whole-credit union paradigm to develop CUs in a new paradigm. Virtually, every step in all processes is written down clearly and standardized. ACCESS Branding is a challenge but the rewards and prestige are worth the effort.

Conclusion

The present study identifies and explores practical actions and interventions from previous researchers’ experiences and analyzes the adoption of thenine major important attributes (ideology, organization, human resources, operating environment, marketing, member savings, member loan, financial discipline and financial structure) of the NCUDM. These attributes are

found particularly significant for CUs in Bangladesh to transform to a new paradigm which was implemented in Latin America, British and other countries (Jones, 2012, 2009; Donnelly, 2004; Fuller and Jonas, 2002). There are differences noted among large, medium and small CUs in implementing the attributes in various countries. These differences are mainly political, economic, social, and technological. Significantly, the Catholic Church made significant initiatives to introduce CU. Later the CCULB came to front line as initiator and organizer country-wide.

The **Ideology of the NCUDM** is based on a radical departure from the socially-oriented perspective of traditional concept to the NCUDM. The present study found out, through in-depth interviews and focus-group discussions that new generation CUs accept and are motivated with the new business-like ideology. Meanwhile, traditional CUs resist accepting the perception of new ideology for they still nurture social orientation; thus, was resisted in Guatemala in the late 80's (Richardson, 2000b). Operational management is completely a commercially-oriented financial institution. Capital volume and members' needs and wants urge the radical departure from the traditional model to the NCUDM. The present study recognizes the significant importance of formulating a clearly-written vision-mission and connect/link this with the other attributes of NCUDM.

Credit unions, with the whole-organization paradigm, are improving in terms of **organization** following the attribute of the NCUDM. On the hand, CUs need more improvement in technology, just like the rural CUs in Britain but they also improved gradually (Jones, 2002). There are several reasons to complete financial organizations in Bangladesh. **First**, members feel comfortable accepting services from CUs for their livelihood than from other local financial institutions or banks because requirements are policies are easy, accessible and secure. **Second**, members of the diverse income groups live in strong bond community; therefore, members depend on CUs for financial assistance.

On the other hand, there are several reasons that hinder CUs to improve and become modernized financial organizations. **First**, slow growth of information & technology country-wise. Bangladesh is still on the improvement stage in terms of information technology development; thus, CUs find the use of information technology rather slow. **Second**, medium and small CUs still depend on volunteers to run the organization, so they lack professionalism and expertise. Consequently, CUs need to adopt competent human resource (third attribute) to improve corporate image.

In terms of **human resource**, credit unions in Bangladesh are significantly hesitant. There are several evidences the research unveils: **First**, small and medium credit unions lack competent financial and business professionals from the board of directors and operational staff. **Second**, Large credit unions have comparatively competent professionals, board of directors and operational staff, especially CEO or manager or administrator. In focus group discussions, there was significant debate between the role of the board of directors and CEO. The board of directors seems unwilling to give more responsibilities to operational staff, especially to the CEO, manager or administrator. This is a similar attitude found in Latin America and Australia (Richardson, 2000b.). The NCUDM indicates that credit unions employ competent professionals as administrative staff every day to operate. This frees the board of directors to participate more in governance and establish the proper direction of the CUs.

In terms of **operating environment**, CUs in Bangladesh have positively improved in legislation, regulation and external environment, while goal achievement is still a challenge. Social bond and environmental values are strong inside & outside the institutions. Besides these cited reasons, one of the main reasons behind the positive improvement is strong monitoring of credit unions and guidance from the federation of CCULB in the formulation of legislation, regulation and external environment facilities. The federation has well-planned monitoring strategy and strong human-power for monitoring and implementation. External support is important in transformation/change (Jones 2012, Richardson, 2000b.). Focus group discussions revealed during the field research that members' expectation is higher than the present capacity. This may be considered strong evidence that CUs need a new paradigm to fulfill members' needs and expectations.

Research reveals that **marketing** under the NCUDM is new among CUs in Bangladesh. For them, marketing is about glossy leaflets, poster and publicity rather than building well-known brands and developing a strategy. To ensure target market and value, accessible premises and welcoming approach of operating personnel are crucial. Meanwhile, traditional CUs maintain old-fashioned office set-up, old furniture-equipment, non-professional dress code for staff, absence of research and development. Among the reasons cited in this regard are: lack of competent and knowledgeable human resource to know and understand the members and their variety of needs and they hesitate to spend budget to modernize their premises. Other researches also face similar results and have similar reasons for it (Richardson, 2000b). From the secondary data, it was found out that CCULB organizes series of workshops with help of ACCU experts to improve their marketing concept. They provide knowledge and concepts from other researchers as example, to wit: ethical savers want to save and desire excellent rate of return; self-employed business members want to borrow large amounts at lower rates; employees want to save and borrow conveniently through payroll deduction. It was cited that members want quick decision for the release of loan without complicated procedures; low income groups want instant access to loans and financial services; some members require bills payment by transferring money as cited in some researches (Jones 2004, 2002). This present research deeply realizes that CUs should urgently introduce research and development desk. For this, CUs need competent human resource (third attributes).

In the terms of **member savings and member loan** under the NCUDM, credit unions in Bangladesh are able to attract savers (various saving products) and borrowers (because of flexible and accessible procedures and lower interest rates compared to commercial banks); thus, both are benefited. It is significant to note that CUs became a true financial intermediary for low income members. Still CUs have more opportunities to improve on the products offered to save. Secondary data reveals that CUs need more attention in loan administration (lending policies, lending analysis, lending checks), especially since most CUs have high delinquency ratio while bad debt reserve is insufficient). This is also the finding in some previous researches undertaken (Gomes, 2007). CUs need operating personal (third attribute) with finance and business expertise.

In the terms of **financial discipline** under the NCUDM, research reveals that most of the credit unions, except for a few large CUs, are unable to follow WOCCU or ACCU standard accounting system. It is, therefore, impossible to follow and implement ACCESS brand (including PEARLS

standard) as cited by previous researches (Gomes, 2007). Secondary data reveals that presently, large CUs think of following ACCESS brand and start with PEARLS standard. Most CUs need well-designed written financial management strategy and control for regular monitoring. Without accurate and authentic financial discipline CUs are vulnerable and fragile (Richardson, 2001; Jones, 2012). Therefore, CUs need more professional human resource led by a CEO.

The present research encountered difficulties with **financial structure** under the NCUDM in Bangladesh in gathering secondary data. Research found out that mostly, except large CUs lack wise & profitable investment; thus, causing them to suffer from institutional & non-institutional capitalization, a similar finding in England regarding rural CUs (Jones, 2002). CUs benefit from investments by covering operational expenses such as salaries of CEO and other staff, computers, information technology systems, premises, director training as well as professional business and market development. It is unwise to continue further CU development without sufficient initial investment and institutional capital. It will reduce the benefits of members. CUs need to identify sources of capital investment. England and Australia CUs identified minimum deposits or initial shares form strong financial structure (Jones, 2002; Richardson, 2000b.) as sources of capital.

The present researcher revealed that CUs country-wide are universal financial institutions in Bangladesh and are growing stronger gradually to serve diverse income groups whose members gather under an umbrella as mutual community based on financial-foundation as shown particularly in Britain, Scotland and other countries. Research unveiled that CUs in Bangladesh encountered positive implications on members' savings (heart of the NCUDM), operating environment and organization, with mixed results in human resource, member loans and marketing. Comparatively, there is a need to increase attention on ideology (especially clearly-written vision-mission), financial discipline and financial structure, attributes of the NCUDM.

The present research concludes that the identified nine major important attributes which are the result of direct research study, are significantly important to CUs in Bangladesh for their transformation or change to the new paradigm.

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