

Abstract

Credit Union Development in Reforming Economies: The Contrasting Cases of Poland and Ukraine.

Charles Ferguson, Donal McKillop and Alexander Sibbald

In this paper, the growth and development of credit unions in reform economies is examined, both in the context of credit unions as providers of basic financial services and also as important agents promoting greater social stability and democratisation. Besides identifying historical factors which inhibit credit union development, consideration also takes place of the key drivers of change supporting the growth of a credit union system. Poland and Ukraine are used as interesting case examples of the effort to establish credit unions in reform economies. Poland is held to be a 'model' case of sustainable credit union development whilst credit union development in Ukraine still faces major challenges. Exploring the reasons for the differential growth of credit unions and the credit union system in Poland and Ukraine will help uncover some of the key factors of influence affecting credit union development in other reform economies and thus provide a useful basis for a more generalised discussion of credit union development issues.

The opportunity is also taken in this paper to use these case study examples to evaluate an earlier typology of credit union development (Ferguson and McKillop 1997) in terms of the attributes described in the typology for credit union systems at different stages of development. As a check on the earlier typology, the evidence contained in the case studies would appear to confirm that the attributes identified are sustainable as descriptors of different stages of growth in credit union systems. The paper concludes with the caution that (as the cases of Poland and Ukraine show) there is however no universal guarantees of credit union development in reform economies especially where the influence of historically specific country conditions are so powerful.