

Abstract

Modernising Credit Unions: The Guatemala Cooperative Strengthening Project 1987-1994.

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It was Lucy Ito, vice-president of the World Council of Credit Unions, who first suggested that the British credit union movement might have something very important to learn from the Guatemalan credit union experience. In the 1980s, most Guatemalan credit unions were small, economically weak and very dependant on external donor support for their operation and existence. However, in 1987, a process of credit union transformation began that resulted in institutional and economic strengthening of a significant number of Guatemalan credit unions. From being small, relatively ineffective organisations, offering services primarily to the poor, these credit unions grew and were transformed into solvent, safe and effective financial institutions able to offer a wide range of financial services to a much larger cross-section of the Guatemalan population.

In Britain we have had many examples of publicly funded credit union development programmes that have not resulted, with few exceptions, in the creation of significant numbers of economically independent credit unions able to serve large numbers of members with quality financial products. Even after substantial external support and public expenditure, many British credit unions remain small and are economically fragile. The British credit union movement can learn significant lessons from the Guatemalan programme of credit union transformation.