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

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Introduction

Emerging from the shadows of the communist regime, the reforming countries of Central and Eastern Europe are rediscovering the importance of voluntary, co-operative, self-help organisations. Developing democratically run credit unions can, therefore, be seen as an integral component of a wider democratic transformation of society. Having endured for decades a situation where most voluntary organisations were disbanded as illegal and subversive to the communist authorities, the re-establishment of a non-profit 'third sector' - which can fill the vacuum between what the state and the market can do for citizens - is an important external indicator of democratic change.

However, the development of a strong, indigenous, non-profit co-operative sector, of which credit unions might be a significant component, is not without difficulty, since the legacy of the communist regime has created its own unique barriers to the adoption of self-help, voluntary principles. Besides the ideological remnants of communism, there are many practical economic and social barriers, including limited resources and inadequate legal structures, which also hinder the development of co-operative credit unions.

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.

Definitions

An initial start point for considering credit union development lies with definitional issues. Credit unions are a particular type of co-operative institution. In that they are limited to serving the market for consumer credit and saving, credit unions as consumer co-operatives, are unique financial institutions. A credit union can be thought of as a 'purchasing' co-operative from the standpoint of its borrowing members, and a 'marketing' co-operative to its saving members (Taylor, 1971). Since it deals exclusively with its members, a credit union can claim to be the purest form of all co-operatives (Corteau, 1963). It cannot do business with the general public due to charter limitations based on serving a membership that is characterised by a common bond. The definition of a common bond is the subject of legal regulation and confers on credit unions a key defining characteristic. In addition, the common bond restriction on membership is assumed to reduce the cost of gathering credit information and in consequence minimises the exposure of individual credit unions to bad debt losses.

However, in exploring the wider aspects of co-operative organisation, the following definition provided by the International Labour Office (ILO) offers further insights,

“...a co-operative is to be understood as an association of persons based on a mutual contract (social contract, bye-laws), which may be somehow registered with the state and whose members have chosen the mutual goal of creating an enterprise with a democratic voting system, sharing also in the financial responsibilities and the risks involved in the process” ILO (1998)

A co-operative, in these terms, exists only to attain the economic and social goals of the people who comprise its membership. Although there may appear to be similarities between socialist co-operatives and autonomous co-operatives in a market economy, the differences in formation, ownership relations, goal setting and functions mark them out as fundamentally different. Interestingly, in a socialist understanding there can only be co-operatives of producers and consumers, because trade and banking are the monopoly of the state, yet co-operatives in a market economy are particularly strong in the areas of trading, banking and transport, whereas co-operative production is the exception rather than the rule.

Genuine co-operatives are democratic organisations. Credit union members therefore enjoy equal rights to vote, that is 'one member, one vote' and have a right to participate in decision making, regardless of the amount of their savings or the volume of business undertaken. In credit union support organisations or associations, voting is deemed to be proportional or representational again in keeping with accepted democratic principles.

Credit union principles stress limited interest payments for the use of capital. Surpluses arising out of its operation belong to the members. The distribution of any surplus may take a number of forms including allocation among members in proportion to their transactions; the development of common services to benefit all members; or the development of the business of the credit union. A key element is that any surplus should be distributed in a way that avoids one member gaining at another's expense and the distribution mechanism employed is under the democratic control of the membership.

In order to fulfil their dual economic and social role credit unions place emphasis on the importance of education. Thus, the economic, social, democratic and mutual self-help principles of credit unions are actively promoted through educational programmes for members, officers and the public in general. Awareness of the wise use of credit and the rights and responsibilities that go with membership are the main focus of educational programmes. Such educational investment is made to ensure that members understand the distinctive rationale that distinguishes the distinctive philosophy of credit union activities

Perhaps the most unique characteristic of a co-operative, which strongly distinguishes it from ordinary business organisations, is its 'subsidiary' nature. In other words, there is no profit motive in itself involved in the operation of a credit union. Rather it exists only to attain the economic and social goals of the people who comprise its membership (Corteau, 1963).

Typology of Credit Union Development

In the typology developed by Ferguson and McKillop (1997) three discrete growth stages are identified for credit unions. These are nascent, transition and mature. Credit union industries in specific locations will potentially move from birth through adolescence to full development as a consequence of the growth in assets and members. By offering a classification of credit union development, the typology simply aims to provide a useful heuristic device for analysing this path. Detailed in Table 1 are the three discrete growth stages identified for credit union industries. For each of the stages the main attributes associated with that particular stage are documented.

Table 1
Stages of Credit Union Development

<i>Attributes of a Nascent Industry</i>
Small asset size
Highly regulated
Tight common bond
Strong emphasis on voluntarism
Serve weak sections of society
Single savings and loans product
Requires sponsorship from wider credit union movement to take root
High commitment to traditional self-help ideals
<i>Attributes of a Transition Industry</i>
Large asset size
Shifts in regulatory framework
Adjustments to common bond
Shifts towards greater product diversification
Emphasis on growth and efficiency
Weakening of reliance on voluntarism
Recognition of need for greater effectiveness and professionalism of trade bodies
Development of central services
<i>Attributes of a Mature Industry</i>
Large asset size
Deregulation
Loose common bond
Competitive environment
Electronic technology environment
Well organised, progressive trade bodies
Professionalisation of management
Well developed central services
Diversification of products and services
Products and services based on market rate structures
Emphasis upon economic viability and long term sustainability
Rigorous financial management of operations
Well functioning deposit insurance mechanism

Credit unions in the nascent (birth) stage are wholly run by volunteers, get financial aid, and other forms of help, from government sponsors or other bodies. They are missionary in nature, with a tendency for zealous often inspirational leadership. Legislation (or often the lack of it) severely controls and constrains credit union growth in nascent industries. However, over time, a nascent industry might develop through either a desire to establish larger credit unions, or by expanding the credit union philosophy through creating many new unions.

In the transition stage, the need to be efficient through economies of scale is to an extent forgone in favour of maintaining smallness as a credit union objective. Such unions inevitably hire paid employees, either full time or part-time. They also often have professional management, but retain volunteer directors. They may have more than a single product, and may offer a range of services

Maturity, the final stage of development, has a more business-like philosophy. Mature industries are characterised by large asset and member size, often achieved through a merger process. Professional staff operate multi-product services, which are often driven by state of the art information technology

Legacy of Communism

Under the former communist regime, co-operatives did not concentrate on fulfilling the aims and needs of their members, but instead were used to pursue politically determined economic and social goals. Therefore, a powerful negative legacy has been left from socialist times throughout reform economies.

Before considering in more detail this legacy, it is worth pointing out that ‘genuine co-operatives’ - in terms of the definition offered earlier - existed in many reform economies from the mid 19th century, although the extent of development varied between different countries. World War I saw the demise of such co-operatives first in Russia then the Baltic States, and World War II saw the disbandment of co-operatives in several Central and Eastern European countries. In their place, ‘socialist’ co-operatives were established.

“Just like the State enterprises, co-operatives were incorporated into the central plan where the economic tasks were precisely defined, giving absolutely no chance to exceed the boundaries”
ILO (1998)

Co-operatives in reform economies therefore suffered many deviations and deformations from the Western concept of a co-operative. They lacked a clear system of ownership and membership was often based upon coercion. Co-operatives were relegated to executors of government decisions and suffered from permanent government interference, being regarded as “schools for socialism”.

Although the official ideology of the socialist regime saw co-operatives as connected with capitalism, co-operatives nevertheless have always played a role in 'applied socialism' as a form of democratisation of social life and of the use of the market. Although a perversion of genuine co-operative principles, the socialist regime still found them a useful instrument;

'Qualities like adaptability and social neutrality even to adverse political conditions allowed co-operatives to continue under the social restrictions of socialism. They became a widely practised organisational form in Central and Eastern Europe which was used to integrate farmers and craftsmen into the political system of socialism. This process of integration became easier because of the socio-economic fundamentals of the co-operative concept which corresponded, at least to some extent (for example, regarding the solidarity aspect), to some socialist values. Therefore, socialist governments were able to instrumentalise co-operatives for their political, economic and social goals. ILO (1998)

As Davis (1996) points out, throughout reform economies, there is a widespread suspicion, scepticism and distrust of nonprofit organisations - particularly 'foundations'. State sponsored foundations introduced by communism often displaced earlier autonomous co-operatives in Central and Eastern Europe and this helps to explain the prevailing attitude of distrust. Under 'mandatory voluntarism' citizens 'were often expected to 'volunteer' their time to official state organisations and to contribute to officially sanctioned philanthropic endeavours' (Nikolov (1992)). Often these foundations established by the communist regime suffered from corruption, hence it is not difficult to understand the widespread scepticism towards such foundations by the general population of reform economies. The legacy of this perversion of the co-operative concept makes the rekindling of non-profit institutions based upon genuine co-operative principles difficult. Besides the perversion of the co-operative concept, the communist regime also created a strong dependency culture which mitigates against building self-help, voluntary co-operatives. The difficulties experienced by the reform process itself has led to some disillusionment with it amongst segments of reform economy populations since the basic security traditionally afforded to citizens has been undermined. Voluntary self help offers a way forward, but with no direct experience of its benefits there is a need to appreciate that institutions such as credit

unions will not automatically take root. A fundamental prerequisite for the development of co-operatives in reform economies is that,

“.....there first has to be a readiness from the people themselves to practice self-help, active member participation and local autonomy, faith in their own strength and self-management”
Eisen and Hagedorn (1998)

The above mantra for credit union development can be usefully examined by considering in some detail the experience of credit union development in Ukraine and Poland.

Poland and Ukraine

If the credit union system in Poland and Ukraine are placed in juxtaposition it can be seen that there are major differences between them. Using the typology alluded to earlier (Ferguson and McKillop 1997), the case can be made that Ukraine is still very much at the nascent stage of development, whilst Poland has gone beyond this and has reached the transition stage of development. Thus, in the case of Poland, credit union development has been progressive with the major elements of a sophisticated credit union system now in place. In Ukraine by contrast, the rate of development has been hindered by a number of structural and legal weaknesses and the credit union system is far less developed. Table 2 highlights the key features of the credit union system in both Poland and Ukraine.

Table 2
Key Features of the Credit Union System in Poland and Ukraine

	Poland	Ukraine
Number of Credit Unions	140	106
Number of Members	394,448	80,500
Penetration Rate	1.49%	0.24%
Savings (US\$)	\$239,541,298	\$3,076,639
Loans (US\$)	\$208,771,402	\$3,413,377
Reserves (US\$)	\$29,056,628	\$491,857
Assets (US\$)	\$289,477,188	\$3,808,998
National Association	Yes	Yes

Central Finance Facility	Yes	No
Stabilisation Fund	Yes	No
Insurance Company	Yes	No

Source: World Council of Credit Unions data, 2001

Poland has a population of approximately 38 million people and the GDP per capita is \$4,282 whereas Ukraine has a population nearer 50 million people and has a GDP per capita of \$486. Both Poland and Ukraine have benefited from assistance, for instance, from USAID funds. Between 1992 and 1999 Poland received \$3.9 million which was channelled into developing the ‘credit union system’ rather than strengthening the credit union base in Poland. The Polish credit union system is now the fourth largest financial network in Poland and displays features that make it comparable to most of the developed credit union systems found elsewhere in the world.

In order to support the promotion and strengthening of credit unions, Ukraine has, in broadly the same period, also received funds from USAID. First in 1993 with a small grant of \$300,000 to promote credit unions and train credit union organizers, and later with a grant of \$1.0 million for the period 1995 to 1999 to provide technical assistance, training, and other support to the fledgling movement. The credit union system in Ukraine has not prospered to the same extent as found in Poland. Although Ukrainian credit unions have demonstrated that they have found a viable niche in the financial market place, the credit union system is still ‘small, undercapitalized, and lacks the structure and facilities to perform the tasks expected of it.’ (DAI 2000)

The disparity in per capita GDP between Poland and Ukraine gives an indication of the deep seated problems experience by Ukraine as a transition economy. The volatility of post reform Ukraine demonstrates well the difficulties involved in the creation of a nascent credit union sector in an ex-communist society. With independence in 1991, Ukraine immediately experienced traumatic economic conditions. As part of the Soviet centralised system, the Ukrainian economy was more closely linked than those of the other Soviet republics which made Ukraine particularly dependent upon the Russian military-industrial complex. Post independence trauma was evidenced by a sharp

decline in output of both industrial and consumer goods, which was compounded by a sharp fall in export demand for military goods. It has been estimated that the cumulative decline in gross domestic product between 1991 and 1994 was of the order of 85 percent. Inflation rose from 390 percent in 1991 to 10,255 percent in 1993 as the State budget deficit mounted ever higher. Monetary controls introduced in 1994 helped control inflation which, in 1995, fell from 21.2 percent in January to 4.8 percent in June that year. These difficulties associated with economic reforms are mirrored in the social predicaments endured by the citizens of Ukraine during the process of transformation.

Post independence statistical evidence suggests a considerable increase in the rate of poverty. It is estimated, for example, that by 1993 over three quarters of the population had official incomes below subsistence level. Even when the effects of the fairly prevalent black economy are taken into account, plus the extensive practice of home production of food on private plots of land, the overall view that the Ukrainian population has suffered impoverishment since independence can be safely maintained. Additionally, the traditional expectation amongst the citizens of Ukraine has been that the State is a provider guaranteeing at least a subsistence level financial security. Indeed, Ukraine inherited one of the world's most elaborate welfare systems. In 1992, half the population received cash benefits such as retirement, disability, family supplements and student benefits - although it is now clear that Ukraine does not have the economic resources to maintain this level of social expenditure.

Changing this dependency culture demonstrated by its citizens towards the State is not going to occur overnight. The difficulties experienced by the reform process itself has led to some disillusionment with it amongst segments of the Ukrainian population since the basic security traditionally afforded to citizens has been undermined. It is clear that the previous totalitarian regime in Ukraine, which sought to control every aspect of economic and social life, leads to special challenges,

“.....a total dependency of the individual on society was created and every free space of self realisation and self responsible action was curtailed. At present, after the totalitarian centralistic societal and economic structures have broken down, an individual has to face enormous amount of liberties that they are not used to and which they have to learn to use. The centralist planning system had a tendency to kill the desire for individual action. Thus in its aftermath there is enormous insecurity. Co-operatives can act as institutions for a common learning of the mechanisms of the market. Co-operatives as voluntary communities of people with equal voting rights are a school of solidarity.”

Todev, Brazda and Schediwy (1993)

The economic and political pressures affecting Ukraine undoubtedly have been further compounded by the disastrous effects of the 1986 Chernobyl accident. Besides those who died, 130,000 people were resettled and nearly three million people were left with life threatening illnesses as a consequence of events at Chernobyl. To deal with the effects of the Chernobyl disaster has necessitated State provision of free medicine, subsidised food and early retirement. One sixth of the Ukrainian national budget is currently allocated to provide on going support for those affected by Chernobyl. Reluctance by the Ukrainian Government to cut public expenditure, particularly social expenditure, is perhaps understandable given the combined effects of Chernobyl and the hardships created by the economic reform process. The difficult conditions existing in Ukraine therefore obviously present particular challenges to the establishment of co-operative credit unions.

The difficult economic situation creates conditions where members and potential members of credit unions find it more difficult to save and are less able to manage debt, which will keep the natural growth of credit unions relatively slow. In Ukraine, credit unions underwent a net loss of real assets, deposits, and value of loans in the 1997 to 1998 period because of the economic crisis. Growth has gradually returned to the movement, but at a slower pace. It should be noted however that in the adverse economic conditions in Germany in the late 1800s and in the United States during the Great Depression there was nevertheless a dramatic rise in strong credit union movements simply because they offered services that were denied by mainstream financial institutions to people of small means.

The structural weaknesses of the Ukrainian credit union movement are fairly apparent and act as potential brake on future development and growth. Weaknesses in the legal and regulatory environment underpin the structural weakness of Ukrainian credit unions. For instance, there is a lack of minimum requirements regarding start-up capital, ownership and operating standards. A weakly defined operating structure empowers them to operate under the law but does not specify their powers nor does it define their internal legal structure which would differentiate them from investment clubs or pyramid schemes. On the latter point, a large number of investment clubs or pyramid schemes operate in Ukraine under the banner of being 'credit unions,' thus undermining the credibility of those genuinely organized credit unions trying to operate under credit union principles. Finally, the absence of an adequate regulatory and supervisory structure for credit unions in Ukraine is a serious weakness which unless adequately rectified will hinder development.

Turning again to Poland, it can be stated that, although not without pain for the Polish people, the transition process in Poland has been much more successful than in Ukraine. By 1998 sound fiscal policy had reduced inflation from over 880% in 1990 to 8.9%. During the same period, the average monthly salary of Polish workers rose from 50 USD in 1990 to 350 USD in 1999. Compared to Ukraine, the success of Poland's macroeconomic reform and Poland's record to better engage in the reform process are evident. In part, the success of Polish credit unions is owed to a process of liberalization which started much earlier than the 1990s. Indeed, Poland took the lead in formulating a legislative framework for co-operatives that aimed to overcome many of the distortions that co-operatives experienced under the communist regime. For example, the Co-operative Law of 1982 was a real attempt to free co-operatives from the constraints of the central planning system and to give more weight to the primacy of their membership. Section 1 of this legislation attests to the desire to enshrine genuine co-operative principles in the governance of co-operatives in Poland,

‘In its economic activities [the co-operative] is governed by the needs of its members and the demands of the central and local socio-economic problems,.....in order to improve the material and cultural standards of living as well as the confidence of its members and to work towards the well being of the People’s Republic of Poland ILO (1998)

In 1991, the autonomy of co-operatives was further enhanced by legislation which repressed the influence of non-economic and non-members influences. Additionally, this legislation gave co-operatives freedom to determine the use of ‘profits’ (surplus) and rectified the previous restriction which held that only 5 per cent of ‘profit’ could be placed into reserves. Specific legislation recognising credit unions in Poland was enacted in 1992 which, it should be noted, allowed for employee based credit unions only.

A further Credit Union Act, passed in 1995, rectified the limitations arising from the 1992 legislation and provided the platform for the further expansion of Polish credit unions by recognizing other forms of organizational common bond credit unions. Since the enactment of this legislation, there has been a major expansion of community credit unions based upon membership of the Catholic church. Other forms of community based credit unions - besides those based upon the Church - have also prospered.

The central role of the Solidarity trade union, based upon its opposition to the communist regime, as the key agent for driving social and economic change in Poland is acknowledged worldwide. Solidarity provided unwavering support for credit union development in Poland and openly encouraged its members to either create new credit unions or join existing ones. The emphasis by Solidarity on the establishment of employee based credit unions led to credit union development that in effect was subsidized owing to the Executory Order of the Council of Ministers 1993 which resulted in benefits such as free office space, utilities, telephone, payroll deductions for credit unions being established in the workplace. It is questionable whether Polish credit unions could have been as successful without this direct support. A major effect of this support has been to ensure that the credit union system in Poland is underpinned by a strong segment of employee based credit unions many of which no longer require workplace subsidies.

A crucial component of the 'chemistry of success' evident in the development of the Polish credit union system has been the quality of the leadership that emerged to guide the process of growth and development. Professor Adam Jediniski, a wealthy lawyer, has been Chair of NACSCU's Board since 1992 and he has played a key role in the development strategy of Polish credit unions. Similarly, Grzegorz Bierecki, a Solidarity political activist, has also played a decisive role in steering credit union development in Poland. Both men have provided stable and inspirational leadership based upon their own commitment and support of the ideals enshrined in the co-operative philosophy of member based credit unions.

Besides the original amalgam of features described so far, Poland provided a context which was favourable to credit union development across a wide range of cultural, social and economic dimensions. For instance, the religious values found in Poland underpin relationships based upon trust and 'people helping people' which made credit unions culturally very acceptable. Additionally, in the collective consciousness, especially amongst the older generation, there was an awareness of the savings and credit co-operatives that existed in Poland prior to the World War Two which again made acceptance of credit union ideals easier. As the banking sector in Poland had not served people well and most people distrusted banks, and as credit unions were increasingly able to offer attractive financial services, large sections of the population far preferred their services to those of banks. That this same favourable context is not replicated in Ukraine - where credit union regulation is lacking and where economic conditions are more adverse - means that there is little prospect of Ukraine achieving a similar level of credit union development in anything near the timescale found in Poland. Indeed it is extremely doubtful if, in the near future, other Reform economies could match the successful development and growth of Polish credit unions. In Poland it has proved easier for, *"the people themselves to practice self-help, active member participation and local autonomy, faith in their own strength and self-management"*

The role and function of sponsor organisations such as WOCCU and government agencies such as USAID have been crucial in triggering the potential that exists for credit union development in reform economies. The transference of technical skills from the wider credit union movement through training and education programmes

have been important in adding to the favourable conditions for credit union development in Poland. Similarly, efforts to establish credit unions in Ukraine owes much to the tangible support by WOCCU funded by USAID, and the Canadian Co-operative Association

Historically Specific Factors and Credit Union Development

World Credit Union Statistics provided in Table 3 provide a useful snapshot of credit union development in Europe and includes comparative data for the Soviet Union and some European reform countries including Ukraine and Poland.

Table 3
Europe: Credit Union Statistics for Countries Affiliated to WOCCU, Year 2000

Country	Credit Unions	Members	Penetration*	Savings (US\$)	Loans (US\$)	Reserves (US\$)	Assets (US\$)
Bulgaria	13	16,848	0.32%	945,843	607,044	76,560	1,042,551
Great Britain	483	265,166	0.68%	235,229,731	234,969,970	22,354,694	275,707,898
Ireland	535	2,600,000	102.46%	6,300,756,090	4,760,571,268	910,109,213	7,547,908,989
Latvia	15	9,533	0.59%	1,375,959	N/A	92,210	1,673,982
Lithuania	10	6,400	0.26%	3,185,675	2,202,950	N/A	3,823,400
Macedonia	3	586	0.04%	48,197	67,360	518,475	573,346
Moldova	206	20,968	0.70%	13,767	165,778	775,098	6,404,160
Poland	146	394,448	1.49%	239,541,298	208,771,402	29,056,628	289,477,188
Romania	4,304	1,571,928	10.27%	103,037,344	99,861,365	3,921,982	114,599,073
Russia	78	62,300	0.06%	7,164,376	6,472,193	212,899	8,386,251
Ukraine	106	80,500	0.24%	3,076,639	3,413,377	491,857	3,808,998
TOTALS	5,899	5,028,677	2.19%	6,894,374,919	5,317,102,707	967,589,616	8,280,405,836

*The penetration rate is calculated by dividing the total number of reported credit union members by the economically active population

Source of data: World Council of credit Unions Statistical Report for Year 2000

No European country comes close to the success of the credit union system in Ireland. Interestingly, both Romania and Poland have achieved better penetration rates than Great Britain. The figures also indicate how much is still to be achieved where a country like Russia has a penetration rate of 0.06%. Differences between countries are of course historically specific and involve a unique amalgam of factors that will always tend to make credit union development uneven. Generally speaking, the key shared features of credit union systems in reform countries are their small asset size, their need for empowering regulation and recognition, a tight common bond, and a

strong emphasis on voluntarism. Typically, such credit union systems require sponsorship from the wider credit union movement to take root. All such credit union systems depend on building a high commitment to self-help ideals if they are to achieve their mission of serving the weaker sections of society.

Indigenous factors associated with the historical legacy of communism and the trauma associated with economic reforms make credit union development no easy task in particular reform economies. Ukraine was used as an example. Yet there are examples, as shown in the case of Poland, where credit union development has flourished although the point has been made that this success will not be easily transferred to other reform countries. Despite the problems of diffusion of Poland's success it still provides a 'demonstration effect' of a reform country mastering its own destiny and building co-operative credit unions in support of a democratic way of life. Even as a model of what is possible, Poland's credit union system provides a positive example which, in time, other reform countries hopefully can emulate.

In terms of refuting or confirming the attributes contained in the earlier development typology, we believe that these case studies broadly confirm the appropriateness of the development classification. However, the case studies provide insight into the complexities of credit union industry development and confirm that – despite the explanatory usefulness of the original typology - there is no universal, deterministic blueprint for credit union development. For instance, in nascent credit union industries the mix of empowering legislation, quality of leadership, commitment to self help, external sponsorship etc., is a dynamic one, the chemistry of which will be critically influenced by historically specific features in any given country.

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