

Measuring and monitoring the social performance of credit unions

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- Why supervisors?
- What is it?
- Why do it?
- What are the benefits?
- How is it done?
- Who is already doing it?
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- CEARC
- What about your credit union?

Social performance measurement and monitoring

- Overseeing the performance by the directors of their functions
- Usually carry out financial or financial-related checks: bank reconciliation, loan agreements, policies and procedures, financial ratios, etc.
- Should some measuring and monitoring of the social performance of the credit union be included? Would this say something about the performance of the directors of their functions?

Why supervisors?

- Social accountability, accountability, social accounting, social auditing, social responsibility reporting, corporate social responsibility, triple bottom line reporting, co-operative auditing, and social benchmarking
- Measuring and reporting on aspects of social performance eg member satisfaction, support for the local community, etc
- Reporting to members, wider community, other stakeholders

What is it?

- Credit unions are so much more than financial institutions
- Have a range of social objectives
- Doing a whole host of 'social' activities that are rarely accounted for
- Also impact on financial performance – expenses and maybe income
- Highlights a double bottom line
- Can help planning and performance evaluation processes by encouraging credit unions to think about a wider array of objectives each year and to measure progress on each objective

Why do it?

- Encourages greater communication by requiring regular surveys and greater interaction between the credit union, its staff, its members and its wider community
- Enhances the process of member participation
- Acts as a public relations tool, enabling the credit union to demonstrate in a more measured way, its impacts on its members, community and wider society
- Acts as a marketing tool, enabling credit unions to differentiate themselves more clearly from their competitors
- Provides a model for co-operative and corporate accountability. Credit unions can lead the way in the financial services sector in Ireland by engaging in a *meaningful* reporting process

What are the benefits?

- Step One: Identify the social objectives of the credit union and develop a comprehensive set of social performance indicators and targets
- Step Two: Engage in social accounting for each indicator
- Step Three: Collect other relevant data through surveys, interviews, etc. with credit union stakeholders (members, staff, volunteers, wider community)
- Step Four: Draw up report, establishing targets, explaining discrepancies, and disseminate to key stakeholders

How is it done? 4 main steps

- VanCity Credit Union, Canada
 - Accountability Report
 - <https://www.vancity.com/MyCommunity/Library/Accountability/>
- Co-op Bank, UK
 - Ethical investment policy
 - <http://www.goodwithmoney.co.uk/ethical-banking/>
- Rabobank
 - Sustainability report
 - <http://www.rabobank.com/content/csr/>
- Bank of Ireland and AIB

Who is already doing it?

- Key social and co-operative performance indicators (KSCPIs) www.uk.coop
 - Member economic involvement
 - Member democratic participation
 - Participation of employees and members in training and education
 - Staff injury and absenteeism rates
 - Staff profile – gender and ethnicity
 - Customer satisfaction
 - Consideration of ethical issues in procurement and investment decisions
 - Investment in community and co-op initiatives
 - Net carbon dioxide emissions
 - Proportion of waste recycled/reused

Co-operatives UK

- Developing an international Statement of Recommended Practice for Co-operative Accounting and Reporting
- Four indicators: member satisfaction; % of members who vote in elections; employee remuneration multiple; co-operation with other co-operatives
- Need to be audited
- Set targets and monitor performance
- www.coopaccounting.coop

CEARC: Centre of Excellence in Accounting and Reporting for Co-operatives

- Is this something that could/should be done?
- What would be the value to the credit union and its members in doing this?
- What role would the supervisors have?
- Template to take away

What about your credit union?

Thank-you