



Communique

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Board Highlights

Board Reorganization, May 1, 2006 and Board of Directors Meeting, March 29, 2006

In May 2006, new members were welcomed to Canadian Central's Board and its reorganization meeting was held. During the March 2006 meeting, Canadian Central's Board passed resolutions on the National SME Awareness Campaign, received a report from the Chip Strategy Task Force, and conducted other business. The following are highlights of those meetings.

Board Reorganization

At Canadian Central's AGM and the subsequent reorganization meeting on May 1, 2006, retiring Board members Jack Smit and Wayne Nygren were thanked for their years of service to Canadian Central. Daniel Burns (Board Chair, Credit Union Central of British Columbia) and Sean Jackson (CEO, Meridian Credit Union) were welcomed as new members of the Board.

CREDIT UNION CENTRAL OF CANADA BOARD OF DIRECTORS, 2006-2007

Michael Tarr¹, Chairperson, *Pacific Region*

Robert L. McVeigh^{1,3}, First Vice Chairperson, *Eastern Region*

Howard Bogach¹, Second Vice Chairperson, *Central Region*

Henry Jansen², Director, *Pacific Region*

Gordon Lightfoot, Director, *Prairie Region*

Daniel Burns¹, Director, *Pacific Region*

Richard Gill², Director, *Eastern Region*

Sean Jackson², Director, *Central Region*

Garth Manness¹, Director, *Prairie Region*

Penny Reeves^{2,3}, Director, *Prairie Region*

1. Governance & Human Resource Committee member

2. Audit Committee and Conduct Review Committee member

3. Director, World Council of Credit Unions, Inc. (as of July 2006)

SME National Awareness Campaign

The SME Team of the Special Strategy Committee made a presentation to Canadian Central's Board at the March 29, 2006 meeting. The goal of the SME project is to have credit unions identified as the preferred choice for small and medium-sized enterprises (SMEs) in Canada. The SME Team has developed a National SME Strategy, which was supported by credit unions representing 65 per cent of system assets. The SME Business Plan was presented to credit unions in May 2005 at the CONNECTIONS conference.

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SME NATIONAL AWARENESS CAMPAIGN

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At its March 2006 meeting, Canadian Central's Board adopted a resolution outlining the timing and conditions for an assessment of provincial Centrals to fund a national awareness campaign for the SME project in connection with the Special Strategy Committee (SSC).

BACKGROUND

The goal of the SME project is to have credit unions identified as the preferred choice for small and medium-sized enterprises in Canada and, to this end, the SME Team of the SSC has developed a national strategy to support that goal. To ensure system endorsement throughout the project, a number of project phases and a series of system benchmarks have been established.

Proceeding with the Team's work plan, 226 credit unions completed self assessments in 2005 that included details of their current situation and their internal SME objectives. In addition, 142 credit unions (with assets representing 74 per cent of the national system) endorsed a memorandum of understanding confirming their support for a Commitment to Member Service.

National baseline SME research was conducted in February 2006 to develop value propositions, awareness goals and objectives. Over the next few weeks, the credit union system, through provincial Centrals, is being asked to consider financial support for the SME initiative, including a national awareness campaign to be launched later in the year.

RESOLUTION

The resolution passed by Canadian Central's Board of Directors divides the funding for the first two years of the program into three tranches. The first tranche (aggregate funding not to exceed \$500,000) relates to the creative development of the program. The second tranche relates to implementation in Year 1 of the program (aggregate funding not to exceed \$1.5 million) and the third tranche (aggregate funding not to exceed \$3.5 million) relates to implementation in year 2 of the program.

According to the dates set out in the resolution, Tranche 1 is now proceeding as a result of no dissents having been received from one or more provincial Centrals by May 1. Tranche 2 requires written indications of support received from provincial Centrals by June 30, 2006 and Tranche 3 requires written indications of support received from provincial Centrals by September 28, 2006.

Chip Strategy

The Chip Strategy Task Force (CSTF) presented a report to the Board. Interac Association has announced its compliance dates for the migration of debit card to a chip platform and an industry committee has been put together by Interac Association, Visa Canada, MasterCard Canada and association members to work on the various functions required to implement the chip strategy.

The CSTF is currently completing a strategy document for the credit union system outlining the compliance schedule, business drivers, business and technology components, cost and complexity, common solution approach, partnership, roles and responsibilities, and market launch.

The Chip Strategy Task Force is also developing recommendations for consideration by the credit union system. It is anticipated that the report of the CSTF will be issued before summer 2006.

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Staff Appointment

A resolution was passed by the Board appointing Jan Hopper as the Chief Privacy Officer and Chief Anti-Money Laundering Officer for Credit Union Central of Canada. She has been working in the Canadian credit union system for 18 years.

In this role, Jan will be responsible for overseeing the compliance activities of Canadian Central in relation to the *Personal Information Protection and Electronic Documents Act* (PIPEDA) and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Jan will also manage the Credit Union Office for Crime Prevention and Investigation, which is an investigative body designated under PIPEDA.

New Member

Central Alliance for Newfoundland & Labrador Credit Unions Ltd. has been approved for membership in Credit Union Central of Canada as a Class B (Trade Association) Member.

National Lenders Policy Committee (NLPC)

The NLPC is finalizing plans for the National Lenders Conference, which will be held in Ottawa, September 30 - October 3, 2006.

An Auto-Decisioning Task Force has been formed by the NLPC to review current market solutions and to determine if there is a need for a customized credit union auto-decisioning tool. This technology incorporates user-defined rules, traditional scorecards and predictive software models to automate the approval process for loans. Forty-two credit unions are participating and three products have been demonstrated via CUSOURCE® Live. The Task Force is evaluating these products and a summary report will be reviewed by the NLPC.

Legislative Affairs Update

On March 20, Canadian Central's Government Relations department met with Kevin Lacey, Manager of Stakeholder Relations for the Prime Minister's Office (PMO). The purpose of the meeting was to brief the PMO on the credit union system and Canadian Central's top federal priority issues. A productive discussion took place on the following:

- 2006 Review of Federal Financial Institutions Legislation
- Bank Mergers, including a synopsis of credit union system activity over the past 1-2 years (There was no indication that the bank merger file will be considered by the federal government in the near future)
- Anti-Money Laundering Legislative Review, and the credit union system's concerns about the growing regulatory burden in this area
- Competition Bureau Merger Review Fees.

Follow-up meetings are being arranged for senior officers from Canadian Central to continue discussions with other PMO officials.

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World Council of Credit Unions, Inc. (WOCCU)

WOCCU's April 2006 Board meeting was held in conjunction with Credit Union Central of British Columbia's annual meeting.

Credit unions are reminded that nominations for the 2006 WOCCU Young Credit Union People Scholarship Program (WYCUP) must be received by Friday, June 2, 2006. The WYCUP Program encourages the sponsorship of individuals age 35 or younger who have made a significant contribution within their own credit union or credit union organization. Information and nomination forms are available on Canadian Central's Web site, www.cucentral.ca.

CCA Update

Canadian Co-operative Association (CCA) works with SANASA (credit unions in Sri Lanka) through a consortium of development agencies from the U.S., Canada and the Netherlands (including World Council of Credit Unions, Inc.). A CCA study mission to Sri Lanka has recently returned with an update on rebuilding credit unions damaged by the December 2004 tsunami. The team visited local credit unions, second and third tier organizations and the SANASA Development Bank, wholly-owned by credit unions and their members.

Credit union offices are being rebuilt, affected families are getting back to work, and savings are growing. There is still a critical shortage of housing because government processes are slow to sort through complex issues of land ownership. Credit unions have been able to re-establish members' records and offer needed financial services.

CCA is also preparing to move into the next phase of the rebuilding effort. Project proposals have been submitted to the Canadian International Development Agency (CIDA) and the Canadian Red Cross. The two proposals are linked and if approved will allow CCA to support SANASA rebuilding efforts over the next eight years.

**If you have any questions, please contact:
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