What is the Credit Union Difference?

New laws and regulations are changing the structure and face of the financial services industry. In this time of accelerating change, it is important to truly understand how credit unions are unique and different and why we remain a necessary and extremely popular financial alternative for 2.3 billion Caribbean citizens.

- **Not-for-profit.** Credit Unions are not-for-profit financial co-operatives. We exist to serve our members financial needs, not to make a profit for shareholders. Unlike most other financial institutions, credit unions do not issue shares or pay dividends to outside shareholders. Instead, earnings are returned to our members in the form of lower loan rates, higher interest on deposits, and lower fees.
- **Taxation.** Credit Unions do pay taxes – payroll taxes, sales taxes and property taxes. Legislation in most Caribbean countries exempts credit unions from corporation or business taxes.

Credit Unions, unlike many other participants in the financial services market, are exempt from corporate or business taxes on profits, because Credit Unions are member-owned, democratically operated, not-for-profit organizations generally managed by volunteer Boards of Directors and because they have the specified mission of meeting the credit and savings needs of members, especially persons of modest means.

- **Ownership.** Credit Unions are economic democracy. They are democratically run by the people they serve – their members. Each Credit Union member has equal ownership and one vote – regardless of how much money a member has on shares or deposits. At a Credit Union, every customer is both a member and an owner.
- **Volunteer Boards.** Each Credit Union is governed by a Board of Directors, elected by and from the Credit Union's membership. Board members serve voluntarily.

- **Membership Eligibility.** By current legislation, Credit Unions cannot serve the general public. People qualify for membership of a Credit Union through their employer, organizational affiliations like churches, social or economic groups or a community-chartered Credit Union.

- **Financial Education for Members.** Credit Unions assist members to become better-educated consumers of financial services.
- **Social Purpose: People Helping People.** Credit Unions exist to help people, not make a profit. Our goal is to serve all of our members well, including those of modest means – every member counts. Our members are fiercely loyal for this reason. They know that their Credit Union will be there for them in bad times, as well as good. The same people-first philosophy causes credit unions and our employees to get involved in community charitable activities and

worthwhile causes.

THE CREDIT UNION DIFFERENCE – JUST ASK YOUR CREDIT UNION