



*Welcome to Bali!*

**ASIAN CREDIT UNION FORUM 2007**

*21-22 September*

CUDCC & CUCCC

## **Preparing Leaders with Desirable Competencies**

**The Credit Union Directors Competency Course (CUDCC)  
The Credit Union CEO's Competency Course (CUCCC)**

**Mr. Mark Worthington  
Chief Executive Officer  
Select Credit Unions**



CUDCC & CUCCC

**Preparing Leaders with  
Desirable Competencies**

**The Credit Union Directors  
Competency Course (CUDCC)**

**The Credit Union CEO's  
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Association of Asian Confederation of Credit Unions



# CORPORATE RESPONSIBILITIES

## Director duties and obligations

- Duty to act in good faith
- Not improperly use position
- Not improperly use information
- Duty to avoid conflict of interests
- Duties of care, diligence and skill



## Business judgement rule (Australia)

- Make judgements in good faith
- Not have a material personal interest
- *Must inform themselves about the subject matter* of the judgement to the extent they reasonably believe to be appropriate



# PRUDENTIAL RESPONSIBILITIES

## Basle Committee on Banking Supervision

### “Enhancing Corporate Governance” 1999

- Set strategic objectives and corporate values
- Set clear lines of responsibility and accountability
- Suitably qualified board members with a clear understanding of their role and not subject to undue management or outside concerns



# Basle Committee on Banking Supervision

## “Enhancing Corporate Governance” 1999

- Ensure appropriate oversight by senior management
- Effectively utilise internal and external audit
- Ensure compensation is consistent with values and objectives
- Conduct corporate governance in a transparent manner



## Basle II Capital Accord (01 Jan 2008)

- Pillar 1 Capital Requirements – Credit Risk, Operational Risk, Market Risk
- Operational Risk defined as "*the risk of loss resulting from inadequate or failed internal processes, people and systems...*"



## Aust Prudential Standards

- Fit & Proper Standard
- Responsible persons – directors, senior managers, external auditor
- Objective tests
  - Not disqualified by regulators
  - No criminal history (police check)
  - Not a current or former bankrupt
  - Material qualifications verified





## Other Tests - Required Competencies

- *Understand the role of a director*
- *Capacity to make an effective contribution to the Board*
- *Knowledge of CU, financial services industry, regulatory environment*
- *Ability to read and understand financial statements*
- *Capacity to undertake continuous professional development*
- Ability to evaluate, form conclusions and make good judgements



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The Complete  
**TRAINER'S**  
GUIDE to

**CREDIT UNION**  
**DIRECTORS COMPETENCY**  
**COURSE**

Credit Union Solutions Series Number 4

- Provides critical knowledge and competencies needed to develop active and involved Board of Directors
- Easy and quick guidance
- Flexible
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**CEOs Competency**  
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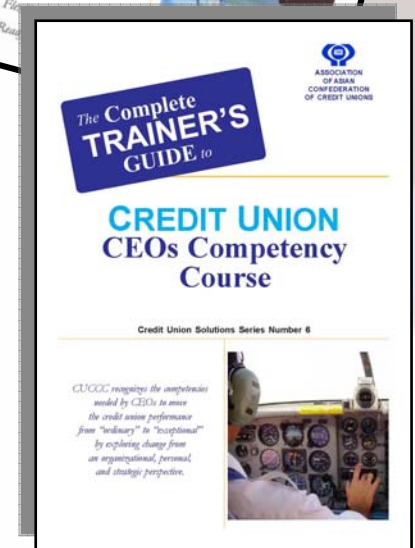
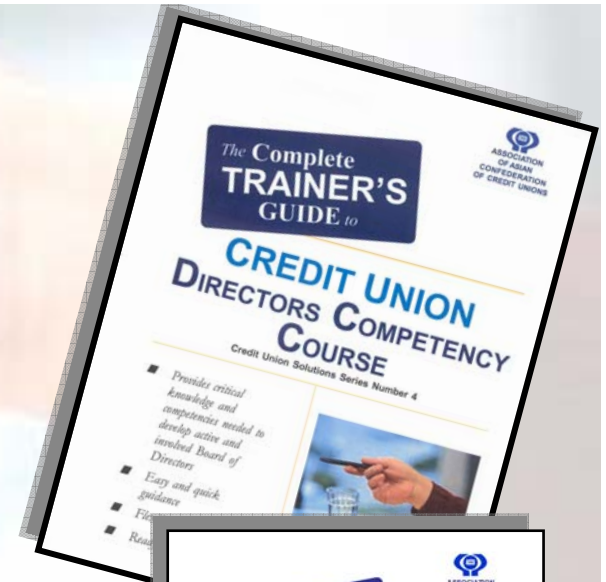
*CUCCC recognizes the competencies needed by CEOs to move the credit union performance from "ordinary" to "exceptional" by exploring change from an organizational, personal, and strategic perspective.*





## Features of the Manuals:

- Provides critical knowledge and competencies needed to develop active and involved boards.
- They include:
  - Lesson Plans
  - PowerPoint and Handouts
  - Pre and post-course project work
  - Use of highly interactive methods such as presentations, group discussion, case study examination and syndicate/team exercises.





# **CUDCC Module 1**

## **Credit Unions in the Marketplace**

**Gain a national, regional & global perspective**

**Develop a heightened awareness and responsiveness to challenges posed to CU's**

**Knowledge of the approaches to exploit competitive advantage to position your credit union**

**Reinforce the international credit union operating principles**



## **CUDCC Module 2 Board Duties & Responsibilities**

**Recognise and plan to acquire the skills and knowledge required of a Director**

**Understand the duties, responsibilities, and functions of the Board**

**Distinguish the specific duties of directors and the CEO**

**Learn to manage the Board and CEO working relationship**



## **CUDCC Module 3 Strategic Planning**

**Appreciate the importance & benefits of strategic planning**

**Understand Directors role in creating a future-oriented roadmap**

**Develop skills in SWOT analysis, Vision/Mission and Goal setting**

**Gain skills in developing and appraising strategic options**



## **CUDCC Module 4 Marketing Credit Union Services**

**Be aware of the principles of marketing and their application to credit unions**

**Recognise and provide for the financial needs of members and potential members**

**Set the standards for credit union services**

**Recognise the importance of credit union differentiation from other financial institutions**



## **CUDCC Module 5 Financial Management & Analysis**

**Understand the crucial importance of financial management & analysis**

**Appreciate the Directors' role in ensuring the financial sustainability of the credit union**

**Develop skills in analysing financial statements for monitoring and planning using PEARLS ratios**





# **CUDCC Module 6**

## **Human Resource Management**

**Understand Directors role in HRM**

**Understand the scope of HRM and areas that should be included as part of credit union policies and procedures**

**Recognise that a formal HRM Policy can provide for an effective and efficient employee team**



# **CUDCC Module 7 - Legislative Compliance & Board Responsibilities**

**Understand your national legislative framework**

**Recognise the most common offences that Directors commit**

**Develop a Legal Survival Kit to ensure compliance with laws and regulations**

**Assess your CU's compliance with regulations and laws**



## **CUDCC Module 8 Credit Administration**

**Recognise major lending risks and implications for CU sustainability**

**Understand the Board's responsibility in lending**

**Understand the concept, importance, and principles of capacity based lending**

**Be familiar with the tools used for prudent credit management**



## **CUDCC Module 9 Good Governance**

**Understand the importance of good  
coop/credit union governance processes**

**Understand the principles of good  
governance**

**Recognise deficient governance  
processes**



# **Australia's largest corporate failure HIH - Governance Lessons**

**Beware the dominant Chief Executive**

**Ineffective Chairman**

**Board did not ask questions**

**Failure to grasp concept of conflict of interests**

**Unusual accounting transactions**

**Ineffective Audit Committee**

**Compromised auditor independence**



# **CUDCC Module 10**

## **Board Assessment and Development**

**Understand the key Board performance areas that must be evaluated**

**Develop a board performance evaluation tool**

**Recognise and plan for appropriate Board and director development programs**

**Understand the importance of continuous Board improvement**



# CUDCC Modules

| <b>Modules</b>   | <b>Course Program and Electives</b>                        | <b>Duration (hours)</b> |
|------------------|--|-------------------------|
| 1                | <b>Credit Unions in the Marketplace</b>                    | 3                       |
| 2                | <b>Board Duties and Responsibilities</b>                   | 4                       |
| 3                | <b>Strategic Planning</b>                                  | 4                       |
| 4                | <b>Marketing Credit Union Services</b>                     | 2                       |
| 5                | <b>Financial Management and Analysis 1</b>                 | 4                       |
| 6                | <b>Human Resource Management</b>                           | 3.5                     |
| 7                | <b>Legislative Compliance and Board's Responsibilities</b> | 2                       |
| 8                | <b>Capacity Based Lending</b>                              | 4                       |
| 9                | <b>Good Cooperative Governance</b>                         | 3.5                     |
| 10               | <b>Board Assessment and Development</b>                    | 2.5                     |
|                  | <b>Total Required Hours</b>                                | <b>32.5</b>             |
| <b>Electives</b> |  |                         |
| 1                | <b>Customer Relations Management</b>                       | 4                       |
| 2                | <b>Financial Management and Analysis 2</b>                 | 4                       |

CUDCC



# CUCCC Modules

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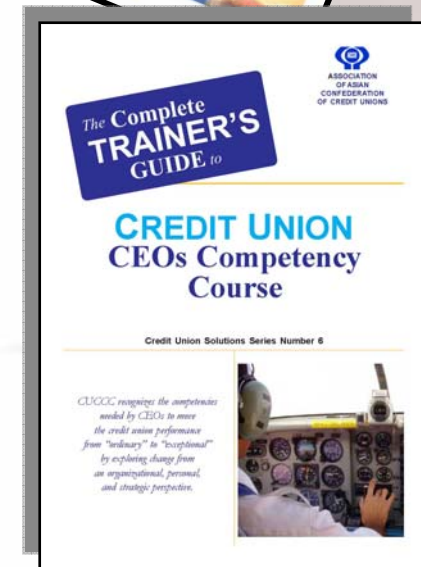
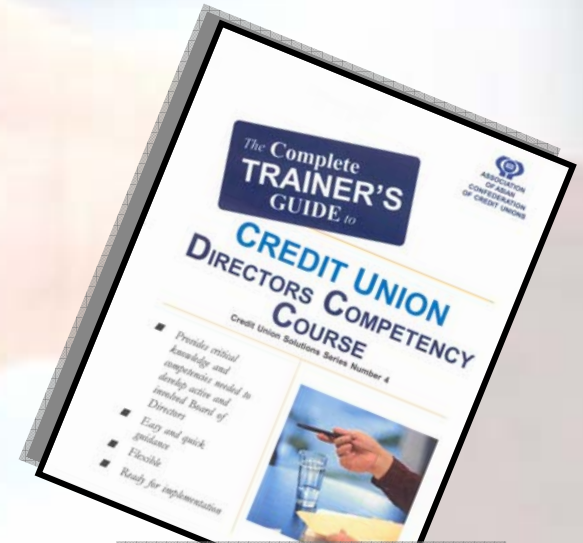
| <b>Module</b> | <b>Course Program</b>   | <b>Hours</b> |
|---------------|---|--------------|
| 1             | Credit Unions in the Marketplace  | 4            |
| 2             | CEO Roles and Core Competencies   | 4            |
| 3             | Strategic Thinking, the Art of Creating Value                           | 4            |
| 4             | Role of Credit Unions as Trusted Wealth<br>Creating Advisor for Members | 4            |
| 5             | Customer Relationship Management  | 4            |
| 6             | Human Resource Management   | 4            |
| 7             | Risk Management   | 4            |
| 8             | Financial Management Analysis 1   | 5            |
| 9             | Good Cooperative Governance   | 4            |
| 10            | Legislative Compliance and CEO<br>Responsibilities                      | 3            |
|               | <b>Total Required Hours</b>   | <b>32</b>    |





## Progress so far:

- Running successfully
- Content continually reviewed and improved





## **Next steps. . .**

### **National Federations**

- **Nominate a resource person to act as administrator of the CUDCC and CUCCC. The nominee will receive training from ACCU.**

### **Regulators**

- **Formal recognition of the courses as valuable tools that can contribute to reduced regulatory risk**



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