



Four Abuses of Credit Union Governance

CUDCC

Module 9



Abuse of Power

- 1. Conflict of interest**
- 2. Nepotism**
- 3. Cronyism (special treatment)**
- 4. Insider cliques**



Abuse of Resources

1. Remuneration
2. Transportation
3. Communication
4. Travel
5. Training
6. Entertainment



Abuse of products & services

1. Non-market interest rates on Dividends, loan and savings
2. Commissions (kickbacks)
3. Waiver of fees
4. Loan renewals, extensions etc.
5. Inflated collateral guarantees
6. Loan charge-offs



Abuse of Institution

1. Paying dividends at the expense of creating loan loss provisions and/or building capital
2. Charging-off, instead of collecting delinquent loans
3. Excessive spending for non-earning assets (building, cars, computers etc.)
4. Falsifying financial information



Generic Markers of Poor Governance

1. Absence of clear duties and responsibilities
2. Board interference in management duties
3. Double standards (elitism)
4. Large salary disparities (CEO & others)
5. Concentration of Power: Strongman leadership
6. Creative accounting