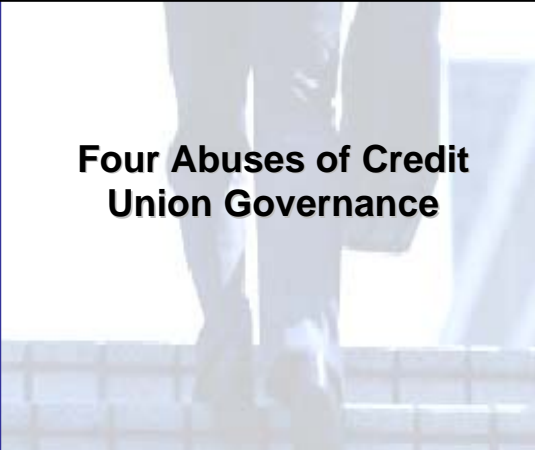



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Four Abuses of Credit Union Governance


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Abuse of Power

1. Conflict of interest
2. Nepotism
3. Cronyism
4. Insider cliques


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Abuse of Resources

1. Remuneration
2. Transportation
3. Communication
4. Travel
5. Training
6. Entertainment
7. use of staff resources for personal purpose




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




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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



Module 9



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



Module 9
