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Bank Transfer Day Reveals the Credit Union Secret

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A viral campaign initiated via Facebook is sweeping the US, and is poised to give huge international profile to one of the financial world's best kept secrets: credit unions.

'Bank Transfer Day' is being described as a chance for the '99% to send a message' to the big banks and encourages people to switch their banking to a co-operatively run credit union by the 5th of November – Guy Fawke's Day!

"The dissatisfaction being expressed in the US in particular, with the perceived unfairness of their banking system, is definitely giving the Bank Transfer Day campaign traction," says Henry Lynch, Chief Executive of the New Zealand Association of Credit Unions (NZACU), the trade association for 21 member credit unions throughout the country.

The bank transfer movement was started by a Californian businesswoman, who was disgruntled with the way her bank had treated her, and decided to shift her funds 'to the local level where they will have a more positive impact on the community'. More than 70,000 consumers in the US have already indicated via Facebook that they intend to follow suit and shift their money to credit unions.

"Some credit unions in the US have seen more than a 300% increase in new members, and it appears to be continuing. People are becoming more aware of the cooperative values of credit unions and like the fact that all members are treated equally," explains Mr Lynch.

Offering a similar range of products and services to banks, anyone can join a credit union and as a member-owner, every person has a truly democratic say in who runs the organisation. "It's one member, one vote, regardless of your level of savings with that credit union," continues Mr Lynch.

With the banking industry in Australia reportedly heading for a record \$24billion profit, despite the current economic environment, Mr Lynch is predicting a swing towards the cooperative, member-owned financial model in this part of the world too.

"It's about people wanting to make new choices about who they deal with. A lot of people aren't aware of what credit unions offer members, and there's a growing realisation that there's a really positive, long term sustainability in the cooperative philosophy and structure of credit unions," says Mr Lynch.

"Being member-owned means that instead of going to mainly overseas shareholders, any 'profits' generated by credit unions are returned to members as a combination of improved customer service, fairer fees, better interest rates and local community sponsorship and support," continues Mr Lynch. "Members like the fact their credit union really does care about helping them improve their financial situation, and that the benefits of any money invested in their account stays in New Zealand, rather than going off-shore."

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Worldwide, the credit union movement has already seen significant growth in numbers as the cooperative business model gains profile. Currently, the World Council of Credit Unions (WOCCU), of which the NZACU is a member, has around 53,000 member credit unions in 100 countries, and over 188 million owner-members.

Collectively, credit unions rank amongst this country's largest financial service providers (by financial transactions), with one of the largest ATM networks in the country, outside of the major banks. In the last 12 months to 30 September 2011, the 21 NZACU member credit unions have grown their membership by 3.5%, their assets by 5.3% and deposits by 6.7%. It's been steady growth in tough economic times for these cooperatively owned enterprises.

"With 2012 being the United Nations' International Year of Cooperatives, and the continuing global dissatisfaction around what many see as purely profit-driven financial service providers, the next 12 months is likely to see unprecedented growth in credit union membership," adds Mr Lynch.

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Notes for Editors:

Credit unions are a co-operatively owned financial services provider, providing its members a similar range of services to a bank. Credit unions are all independently owned and operated by their members for their members, and any profits are returned to the members by way of fairer fees and interest rates.

The New Zealand Association of Credit Unions (NZACU) is owned by and represents 21 of the 26 active registered credit unions in New Zealand. Collectively, the NZACU credit unions are amongst the largest financial transactors by volume, have over 100 branches throughout the country and more than 175,000 members and over 85 ATM's.

The NZACU is a member of global trade association WOCCU, the World Council of Credit Unions, which represents over 188 million people in 100 countries across the globe. This international network operates under the vision: "Improving people's lives through credit unions" and promotes the sustainable development of credit unions and other financial cooperatives around the world.