



WORLD COUNCIL OF CREDIT UNIONS/LATVIA

*INTRODUCING DEMOCRATIC FINANCIAL
INSTITUTIONS INTO THE LATVIAN
MARKETPLACE*

PROJECT PROGRESS REPORT

Annual Report 1996

Sponsored by

the United States Agency for International Development

Grant No EUR-0023-G-00-2067-00



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I. Background information.

Since regaining its independence in 1991, Latvia has struggled to free itself from state ownership and centralized support system to all sectors of national economy. It has resulted in establishment of relationships oriented towards free market economy and supplementing problems almost in any sector of economy caused by destruction of previous system and transition to a new economic model. Financial market of Latvia is not an exception. The following weaknesses has to be mentioned:

- 1) Inadequate Financial System: the average citizen has great difficulty and quite often even no possibility accessing personal, small business or agricultural credit services.
- 2) Absence of Market-Oriented Financial Skills: it has resulted in too optimistic forecasts for development and financial strengths of newly established institutions, population's unreasonable trust in institutions offering extremely high interest rates for deposits, fraud in financial market, inevitable bankruptcies and banking crisis in summer of 1995.
- 3) Lack of People's Participation: individuals have had very little or no role in determining or evaluating the services provided by the financial sector.
- 4) Inappropriate and Conflicting Legislation: development of enabling versus controlling legislation and protection of individuals is needed to ensure continued democratic reform.

World Council of Credit Unions (WOCCU) has proposed the following solutions, ensuring provision of technical assistance for solution of the emerging problems mentioned above:

- 1) An Efficient Alternative Financial System: development of savings and credit union system providing consumers and small producers and traders with competitively priced, market-driven savings and credit services by using internal financial resources (people's savings).
- 2) Transfer of Skills and Technology: World Council of Credit Union's Project in Latvia has been designed to provide effective transfer of financial service skills and technology.
- 3) Credit Unions Practice Democracy: credit unions serve as models of private, member-owned, democratic institutions ensuring every member rights and possibilities to participate in decision making and management of credit union.
- 4) Policy and Legislative Reform: it must encourage greater reliance on market mechanisms in financial sector eliminating subsidized credit, paying positive returns on savings and establishing sufficient reserves.

In November of 1994 World Council of Credit Unions started a technical assistance project in Latvia sponsored by United States Agency for International Development. The project goals are: a) to create a pool of trained individuals with the technical and motivational skills required to start and successfully manage credit unions, b) to promote and develop private, financially sound, democratic credit unions in Latvia and c) to increase the efficiency of financial market and improve the availability of personal financial services to individuals in Latvia and thereby improve the incomes and living standards for members, their families and their communities.

Project activities in Latvia at the end of the three year period will result in:

- 1) development of materials for full training of trainers course covering all aspects of credit union operations;
- 2) empowerment of already existing business advisory organizations to provide training on credit union development issues to general public and target groups by training their staff according to WOCCU training of trainers course;
- 3) training for individuals, target groups and credit union personnel on all aspects of credit union development and operations and assistance to initiative groups to become a licensed credit unions;
- 4) establishment of low cost hands-on management training center based on a successfully operating and financially sound credit union. This includes supplying the center with computers, developing and installing specific credit union accounting software and training credit union personnel according to the training of trainers program;
- 5) assistance in drafting credit union law and improving regulations and supervision procedures to ensure credit union safety and soundness, accountability and member protection;
- 6) assistance in formation of credit union system, which includes development of new credit unions and support in establishment of credit union association, insurance services, stabilization fund, corporate central credit union.

II. Accomplishments prior to reporting period.

1) An Efficient Alternative Financial System: WOCCU Latvia project staff has identified and contacted potential credit union target groups (groups of people united by a common bond and having sufficient potential for growth to start and maintain safe and sound financial operations): 105 enterprises having 500 or more employees (employer based credit unions), 540 pagasts (counties) in Latvia (community CUs), over 40 professional associations and unions, over 30 trade unions and 26 regional governments supplying them with information about credit union operating principles, procedures for registering credit union in Latvia and support available from WOCCU. As a result of those activities WOCCU/Latvia staff has been approached by representatives from over 50 different organizations to discuss ways and possibilities of starting a credit union.

Professional contacts and relationships have been established with the Bank of Latvia, Banking College, Ministry of Economy, Ministry of Agriculture, Ministry of Finance, Ministry of Welfare, Members of Parliament, Rural Development Fund, Enterprise Support Centers, Latvian Mortgage and Land Bank, World Bank, United States Peace Corps, World Federation of Free Latvians, several regional governments, various Associations and others.

2) Transfer of Skills and Technology: at the early stage of the project WOCCU trained 5 local hire employees to become effective trainers in supporting credit union start-up activities and empowering local leaders to manage their credit unions safely and soundly. During the first year over 20 workshops and training sessions were held and more than 350 people trained on what is a credit union and how to start it.

Simultaneously, WOCCU staff started to work on translation and adaptation of Credit Union Training Modules covering every area of credit union operations. In addition to already existing training materials WOCCU/Latvia staff has developed Credit Union Business Planning Guidelines and Budgeting Software to assist present and potential credit union managers in process of planning and budgeting.

3) Credit Unions Practice Democracy: in a year prior to 1996 one credit union was granted a license by Bank of Latvia. It has grown from \$9,260 in assets and 29 members at the moment of registration to \$50,285 in assets and 201 members at the end of FY 1995. Growth of over 540% in assets in less than 8 months could be achieved because credit union is transparent to its members and people feel real ownership in the organization.

Three new credit unions started to work on documents to apply for the license in the Bank of Latvia.

4) Policy and Legislative Reform: after regaining its independence in 1991 the following legal acts were regulating credit unions in Latvia - Decision of the Council of Ministers of the Republic of Latvia #393 ratifying Model Credit bylaws from July 1993; Model Credit Union Bylaws ratified by the Bank of Latvia from November 1993; Law on Credit Institutions from October 1995.

III. Accomplishments during FY 96.

1. Creation of enabling legislation, regulations and credit union support system at the institutional level.

1.1. Creation of credit union specific legislation.

Latvia is undergoing the process of transforming its legislation to meet the standards of democratic country and harmonize its legal system with that of European Union. Parliamentarians from Saeima have expressed concern about slow credit union

development in Latvia and have asked WOCCU to provide technical assistance in drafting a credit union law.

In January 1996 a work group was formed within a Parliament and four work group meetings held January through March 1996. During that time WOCCU Latvia prepared information on legislative acts regulating credit unions in Latvia in 20s and 30s of this century, digest of laws governing credit unions in other countries, including EU countries, translated WOCCU Guidelines for Creating Credit Union Law and presented it to the Work Group. In March WOCCU was asked to coordinate the process of drafting Credit Union Law for Latvia. First draft version was completed in May. In July comments were received from the Bank of Latvia. After making appropriate changes it was turned in for comments to the specialist from Legal Bureau of the Parliament. In September the package was prepared for presenting it to the Parliament by adding to the proposed Credit Union Law Annotation on it and proposed changes in Law on Credit Institutions and Law on Cooperative Societies. Parliamentarians are planning to present it for discussions in Saeima in October of 1996.

In order to support legal changes for credit unions in March of 1996 a group financial experts headed by former Minister of Finance of the Republic of Latvia did assessment of potential impact credit union development will have on local economy. Report being conservative in estimating amount of capital which can be accumulated in credit union system identified that under favorable legislation credit union system alone can ensure growth of GDP by 0.9 - 1,2 per cent in year 2000 and will significantly stimulate development of various sectors of economy increasing number of small and micro enterprises, support increase of outputs in agricultural and industrial production, trading, service industry, etc. Indirect effects will include creation of new working places by 4000 per year and significant additional income in the state budget.

1.2. Assistance in improving existing regulations, audit and examination procedures.

Bank of Latvia (BoL) is licensing and supervision agency for commercial banks and credit unions. Part of its strategy is ongoing training for the staff to ensure high professional performance and standardized procedures in supervision of credit institutions. In 1996 BoL started putting together Supervisor's Manual. To assist in this process WOCCU provided BoL with the English version of Examiner's Guide. Sections of that manual applicable to the current stage of development of CUs in Latvia have been translated and adapted to the local situation and made available to supervisors.

In order to improve both internal and external audit procedures WOCCU has developed Auditor's Manual for Credit Unions.

For monitoring safety and soundness of performance of credit unions WOCCU/Latvia has introduced PEARLS (Protection, Earnings, Asset quality, Rates of growth, Liquidity, Structure) ratios in evaluating operations of Railroad Credit Union.

Monitoring system has been computerized and will be used for monitoring financial health of emerging credit union system by WOCCU project.

1.3. Consolidation and coordination of assistance efforts to credit union development at the institutional level.

Various institutions and organizations in Latvia have undertaken independent efforts in supporting credit union development. WOCCU has been providing assistance to those organizations and acted as coordinator between them.

Meetings have been held with the State Minister for Cooperation at the Ministry of Agriculture and agreements achieved about the need to stimulate development of credit unions in rural areas. A permanent staff member has been appointed at the Cooperation Department of the Ministry of Agriculture for working with WOCCU. Project has provided technical assistance in developing assistance plan to rural credit unions.

Ministry of Welfare has approached WOCCU with the request for assistance in starting a credit union for physicians as a part of larger program for restructuring medical care in Latvia. Assistance was provided in determining the best scheme for incorporating credit union and its role in such a program.

Counterpart Fund at the Ministry of Finance has allocated \$89,000 to support start-up of three credit unions in Cesis region of Latvia on basis of pilot project. In order to monitor and support the project Steering Committee has been established consisting of representatives from World Bank and EU/Phare Project Management Unit, WOCCU and Ministry of Agriculture. For implementation of the pilot project WOCCU is providing all the required technical assistance to newly developing credit unions in areas concerning planning, registration, operations and performance.

Contacts have been made with the Ministry of Economy to discuss the role of credit unions in program providing assistance in strengthening small and medium size enterprises. WOCCU participated in the conference put together to discuss the proposed program in late 1995.

Documents describing role, operations and establishment of Stabilization Fund and Central Liquidity Facility have been prepared and submitted to the Ministry of Finance, Bank of Latvia and Legislators.

1.4. Contacts and cooperation with other credit union and cooperative banking movements in Europe and in the World.

Learning from experience is an important component in WOCCU project. On-site training to WOCCU staff and credit union leaders has been provided by Pennsylvania State Employees Credit Union (USA), Co-op Services Credit Union (Michigan, USA), Riverside County School Credit Union (California, USA), Provident Federal Credit Union (California, USA), State Employees Credit Union (Baltimore, USA), National

Association of Cooperative Savings and Credit Unions (Poland), Railway Credit Union (Gdansk, Poland).

Regional Workshop on Credit Union Development was held in Jurmala, Latvia in May of 1996. Twelve countries were represented including USA, Canada, Great Britain, New Zealand, Poland, Ireland, Russia, Ukraine, Latvia, Lithuania, Macedonia and Romania.

Two consultants from USA worked in Latvia and provided assistance in converting credit union from manual accounting to computerized system and on strategic planning for credit unions.

2. Creation of credit union training centers and Training of Trainers

2.1. Creation of credit union training centers within the existing institutions to ensure provision of general training for initiative groups throughout the country.

WOCCU/Latvia completed an assessment about institutions involved in adult training in Latvia in order to determine partners for expanding training services available to people willing to start a credit union. To ensure such a service in both - cities and rural areas two institutions were chosen for cooperation - Enterprise Support Centers working in six largest cities in Latvia: Riga, Daugavpils, Liepaja, Ventspils, Rezekne and Valmiera and Latvian Agricultural Advisory Service having an office in each of 26 administrative regions in Latvia. Proposals for cooperation with Latvian Agricultural Advisory Service and Enterprise Support Centers were developed and presented to managers of respective institutions. Cooperation started in third quarter of FY 1996.

WOCCU has made contacts with Banking Academy and Training Center for Municipalities after they had expressed interest about training for credit unions. Conditions of cooperation will be finalized in coming quarter.

2.2. Development and adaptation of advanced credit union training programs and materials to be used in training courses.

WOCCU/Latvia has translated and adapted the following courses for credit unions: *Volunteers*: 1) Cooperativism, 2) Savings Mobilization, 3) The Role Of CU, 4) Leadership And Motivation. *Educational Committee*: 1) Membership Promotion, 2) Marketing And Promotion. *Board of Directors*: 1) Duties and Responsibilities, 2) Understanding Financial Statements, 3) Budgeting , 4) Sample Policies, 5) Board and Manager Relations, 6) Planning and Control. *Credit Committee*: 1) Duties and Responsibilities, 2) Loan Granting, 3) Delinquency Control and Collections, 4) Credit Administration. *Supervisory Committee*: 1) Duties and Responsibilities, 2) Auditing, 3) Risk Management, 4) Internal Controls. *Management*: 1) Accounting Principles, 2) Financial Administration, 3) Financial Planning and Budgeting, 4) Risk Management and Insurance, 5) Personnel Administration, 6) Security in the Cooperative, 7) Financial Marketing. *Loan Officers*: 1) Credit Administration, 2) Collections.

Model Credit Union Handbook was translated in Latvian, including adapted version of PEARLS Financial Stabilization Monitoring and Evaluation as supplement material to Model CU. In addition Stabilization Handbook, Examiner's Guide and Auditor's Guide were developed. Other translations of Training materials included Content Guide for Laws Governing Credit Unions and International Digest of Laws Governing Credit Unions.

2.3. Training of Trainers for newly founded credit union training centers

Training of Trainers workshops on various subjects about credit union development and operations have been conducted for Latvian Agricultural Advisory Service trainers working at the Headquarters Office in Ozolnieki and branch offices in Tukums and Saldus, trainers from Training Center for Municipalities in Riga and staff of Enterprise Support Center in Rezekne.

2.4. Staff development

In order to improve efficiency of transfer of skills by WOCCU/Latvia staff project Trainers have received training in Corporate Governance and Competitiveness held by Price Waterhouse; Presentation, Visualization and Moderation, held by Integrated Consulting Services; Training of Trainers course on Accounting conducted by CUNA trainer; Financial Accounting (level I, II), held by Arthur Andersen.

2.5. Public relations and marketing activities to support the development of credit union movement in Latvia.

WOCCU/Latvia has prepared a Theoretical model of CU system of Latvia briefly describing elements of credit union system and their functions which was disseminated to decision makers and legislators along with other materials concerning credit union development. Project is also publishing Credit Union News and doing targeted mailings of it on a quarterly basis.

Publications in central newspapers have been used as well. Brief description of some of them is provided below: two articles in central newspaper "Neatkarīga Rīta Avīze" titled - "Credit Unions Are Not Allowed To Develop" emphasized the need to change legislative environment and "Credit Unions In the USA" introduced the readers with accumulated experience of Training Officer Ms. Volkova during her internship in the USA; an article in central newspaper "Diena" titled "Legislation Is An Obstacle For CU Development in Latvia" reflected the main issues discussed in the press conference on the results of Regional Workshop in Jurmala; an article in central newspaper "Lauku Avīze" titled "If There Is Some Money Left..." revealed the situation in CU development in Eastern Europe. Newspaper "Praktiskais Latvietis" has started series of publications on CU issues. Brief information about credit union development in Latvia has been provided in the Wall Street Journal in July of 1996.

WOCCU staff members and Railroad Credit Union representatives have been speaking in various programs broadcasted on Radio of Latvia. WOCCU representatives have

spoken about achievements and challenges in credit union development in news or TV shows presented by Picca TV, NTV-5 and TV of Latvia.

3. Assistance to Railroad Credit Union (RCU) and other potential credit union groups.

3.1. Assistance to RCU with staff management training and improvement of efficiency of operations to meet model credit union standards.

In late 1995 the assessment of Railroad Credit Union performance was carried out with assistance of credit union experts from USA and Australia. Evaluation indicated that RCU is financially sound and safe credit institution and has a good potential to become a Model Credit Union. In order to achieve and sustain performance standards of a Model Credit Union WOCCU and RCU signed a Memorandum of Understanding which indicated areas where WOCCU will be providing training and technical assistance. It was mutually agreed that main assistance is required in improving financial management, transferring from manual to computerized accounting and strategic decision making. In September 1996 there were two short-term consultants working with RCU on conversion from manual to computerized accounting, including improvements in interest rate calculations and on strategic planning. As a part of mutually agreed action plan a group of RCU personnel were trained as interns in a credit union in Poland in September of CY1996. Internship was set up to introduce to business practices in the most developed credit union movement in Central and Eastern Europe. In addition RCU staff members have received intensive and extensive training on usage of Microbanker software.

3.2. Formation of low cost training center based on RCU to serve for specific credit union management training.

Understanding that management training is a crucial element for successful development WOCCU in cooperation with RCU has formed a training center based on successfully operating Railroad Credit Union. Such an approach will result in low costs maintaining the center and high quality hands-on training for managers, volunteers and personnel of newly established credit unions. The following activities have been undertaken to ensure establishment of training center:

- Railroad Credit Union operational safety and soundness and financial stability has been assessed according to PEARLS indicators by WOCCU consultant. The audit of RCU financial statements for FY 1995 was carried out by independent and sworn auditor in March 1996. In both cases results were positive and showed a good potential for further growth. In September 1996 examination of Railroad Credit Union operations was carried out by Supervisory Department of Central Bank. The overall report on examination was positive.

- A Memorandum of Understanding was signed to state the principles of WOCCU assistance in equipping the training center and providing TOT to RCU personnel. Signing of MOU and opening of training center took place in June 1996.

3.3. Development of credit union specific accounting and financial management software.

In the process of rapid growth of credit union assets and loan portfolios it will be very important to have efficient accounting, monitoring and financial management system in place to support the expected growth. In the case of RCU we can surely say that the assumption of rapid growth is absolutely true, since their assets in last 14 months have grown by 905 per cent. The best way how to manage the emerging problem is introduction of efficient accounting and financial management software. Various software packages have been reviewed to determine what will be the most suitable product for credit unions in Latvia. The final decision was made that Microbanker software developed by Food and Agriculture Organization (FAO) is a package what is the closest to satisfying credit union needs and with some adaptation and additions it can be introduced to credit unions in Latvia in a relatively short period of time at affordable cost.

In order to ensure smooth adaptation of the Extended version of Microbanker software and high quality of technical performance WOCCU/Latvia Computerization and Training Officer worked with FAO experts in Bangkok, Thailand on adaptation of it to Latvian conditions. Ending result is software package made available to credit unions in Latvian and Computerization and Training Officer trained to provide support and maintenance to it without major assistance from FAO.

3.4. Provision of technical assistance and training on budgeting and other specific credit union management issues to ensure that efforts of initiative group result in applying for license.

WOCCU/Latvia staff is providing continuous assistance to credit union initiative groups in their efforts to understand the philosophy of credit union operations, prepare viable business plans, improve their knowledge and skills through training. WOCCU has played an active role working with Counterpart Fund at the Ministry of Finance and Ministry of Agriculture to assist in starting three credit unions in Cesis region. It is a pilot project where start up of credit unions is financed by Counterpart Fund. All three credit unions have applied for the license at the Bank of Latvia already. Licensing is scheduled to take place in late October 1996.

Currently training process is organized in the following manner: general workshops on basic credit union operations; technical assistance and training to representatives of initiative groups who will be applying for the license shortly or are planning to do so

within a year; training on daily CU operations and management for licensed CUs; training to WOCCU project personnel for staff development purposes. Attached below is a list of training activities conducted by WOCCU/Latvia:

- Seminar LET'S GET ACQUAINTED WITH CREDIT UNIONS, February 15, 1996, Congress Hall, Riga, to introduce the CU idea and to share ideas and experiences on organizing a CU. (Participants:55 people)
- During the report period consulting on credit union philosophy and development issues has been provided to: Union of Film Studio employees; representatives from initiative group of teachers' CU; credit union initiative groups from Cesis region; representatives from Jelgava, Livberzes pagasts and Bauska region; private entrepreneurs from Talsi and Jelgava regions; Union of Journalists; Students of University of Latvia; Agricultural Advisory Centers in Tukums, Saldus and Ozolnieki; Training Center for Municipalities.
- Training seminar with assistance of accountant and treasurer of Railroad CU for accountants of Cesis region CUs.
- Training sessions on Accounting for Credit Institutions, with assistance of professors from Banking Academy, for accountants of Cesis region CUs. After training the three accountants successfully passed test in Central Bank.
- Informational seminar, with participation of a member of Board of Directors of Railroad CU, on CU promotion for teachers of Riga High School #22.
- Informational seminar on CU for Business Club of Rezekne.
- Follow-up activities after training on Business Planning for initiative group of Book Publishers' CU.
- Training for initiative group of Ligatne pagasts CU on Business Planning.
- Training for Teachers' CU on Business Plan, including following items: Economic and financial environment; Field of membership; Mission statement and objectives; CU Services; Structure of a CU; Duties and Responsibilities of Structural units, Management and Staff; Sources of Capital, Capitalization and Deposit Services; Types of Credits; Lending Policy; Administration of Lending and Loans; Risk Management; Forecast of Financial Activities.
- Individual consultancies for initiative group of Latvian Society on CU promotion.
- Individual consultancies for initiative groups of Rujiena, Valmieras region and Training Center Turiba on CU promotion and development of a Business Plan for a CU.

- Current activities and plans for future include follow-up activities to preparation of document packages required to apply for license and identification of potential problem areas in that process in order to provide possible solutions and ensure required assistance for credit unions applying for license.

IV. Problems.

- 1) During the process of drafting Credit Union Law the issue of proper institution for credit union supervision was discussed. Currently, according to the Law on Credit Institutions supervision is carried out by the Bank of Latvia. In the work group it was felt that Ministry of Finance will be more appropriate, especially since Bank of Latvia representatives had expressed earlier that they are not interested in continuing supervision of credit unions. Agreement was achieved with the Parliamentarians representing political party heading up ministry of Finance that Ministry of Finance will take over supervision of credit union. Unfortunately, shortly before discussing proposed Credit Union Law in the Budget and Finance Committee Minister of Finance resigned and another work group will have to be formed to discuss supervision issue between Bank of Latvia and Ministry of Finance.
- 2) The fact that requirement for increase of minimum statutory capital for credit unions remains unchanged within a Law on Credit Institutions several proposed credit unions are facing difficulty of applying for license in the Bank of Latvia since founders are required to double their contribution in the initial capital. Unfortunately many of the founders do not have sufficient savings to satisfy these requirements. Altogether it prevents self-help efforts of citizens to provide efficient financial services to people in need.
- 3) Latvia has declared its willingness to become a member of European Union (EU). Preparation for that requires harmonization of laws with those of EU. Intention of legislators has been to work towards that goal when passing the Law on Credit Institutions. Unfortunately, some of the regulations or credit unions built in the Law on Credit Institutions is a direct result of misinterpreting EU regulations.

VIII. Activities Planned for Next Period

1. Creation of enabling legislation, regulations and credit union support system

In order to achieve legislative reform and improve legal environment for credit union development additional efforts to pass a specific Law on Credit Unions will be made. To support decision making process WOCCU will prepare study tours for Parliamentarians and government officials responsible for issues related to credit unions to Polish Credit Union movement and Irish Credit Union movement. Afterwards work group will come together to incorporate experience observed in the

above mentioned countries into the law for CUs in Latvia. Complementary process to legislative improvement will be improvement of regulations and monitoring and reporting requirements. In order to achieve above objectives close cooperation with Parliamentarians, Bank of Latvia, Ministry of Finance, Latvian Mortgage and land bank, World Bank, and other local and international organizations will be continued.

2. Creation of credit union training centers and Training of Trainers

To ensure continued high quality of training for credit union personnel and potential founders WOCCU will continue providing training of trainers courses to selected organizations. Courses of increased intensity will be provided to staff of Enterprise Support Centers, Agricultural Advisory Service and Latvian Banking College. This will ensure continuity of training and consulting services to credit unions until a specific credit union support institution under National Credit Union Association is formed. By the end of 1996 WOCCU will complete adaptation and development of advanced credit union training course covering all aspects of credit union development, operations and management. Each of the above mentioned organizations besides training of trainers courses will be provided with full set of written materials.

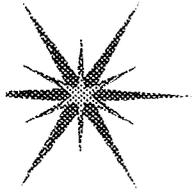
3. Assistance to Railroad Credit Union (RCU) and other potential credit union groups

WOCCU will continue extensive assistance to RCU. Technical assistance provided will include improvement of monitoring of financial performance, introduction of advanced financial management practices, sound reporting practices to increase efficiency of decision making. Operations of Training center based on RCU will be continued to support improvement of knowledge of credit union managers and potential managers. Credit union simulation training course will be introduced in early 1997. Specific training will be conducted to leaders of potential credit unions to ensure that their efforts end-up in licensing and registering their credit union. It is expected to register at least 5 credit unions in the coming year. In order to support development of accounting practices in credit unions WOCCU will continue further improvement of Microbanker software by adding additional options which will comply with local reporting requirements and improve reporting process by managers to the boards. Necessary steps to ensure continued support and maintenance for the software will be taken.

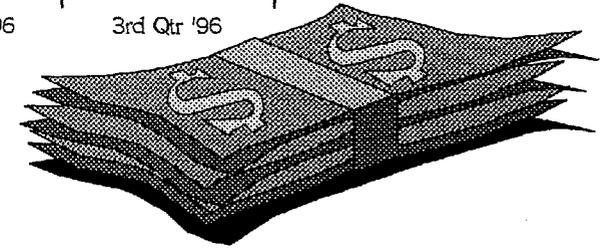
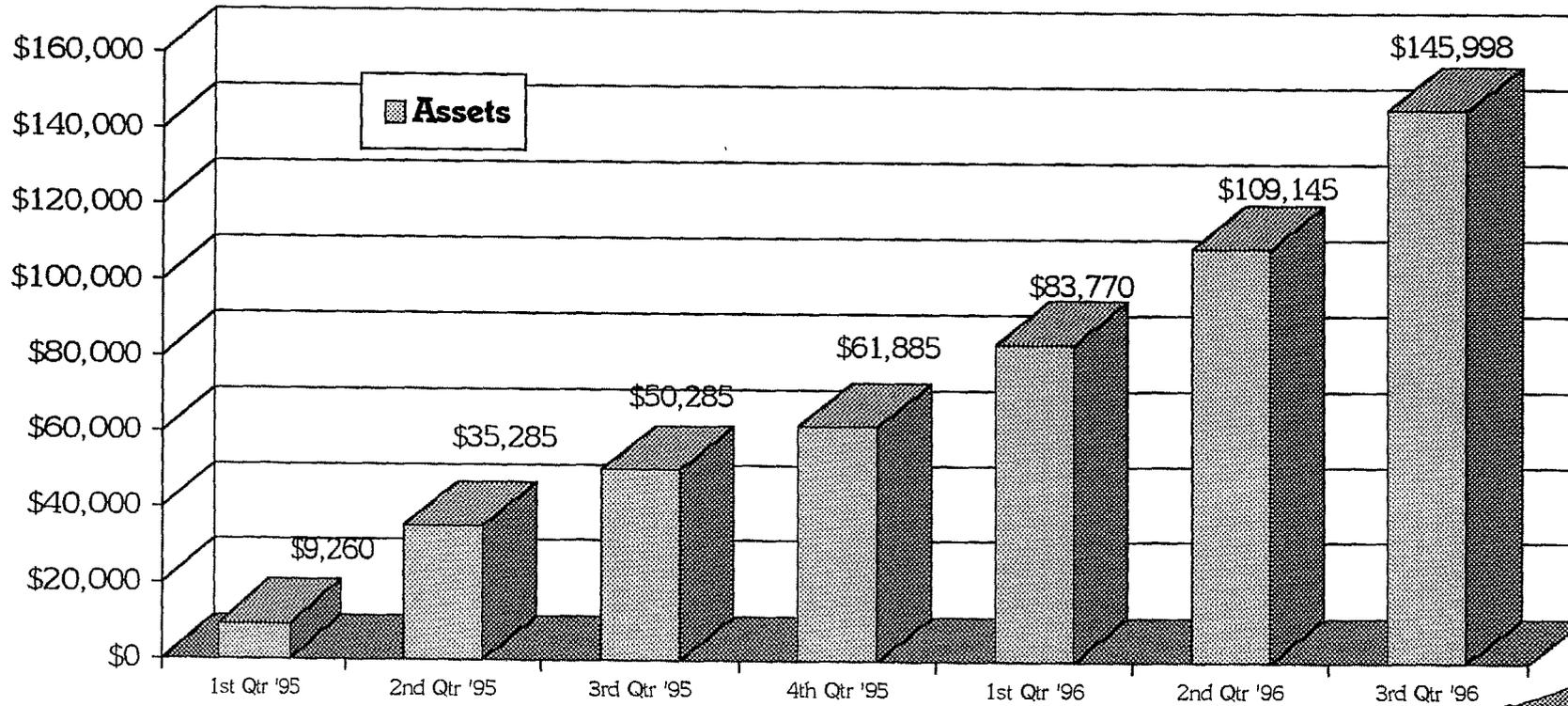
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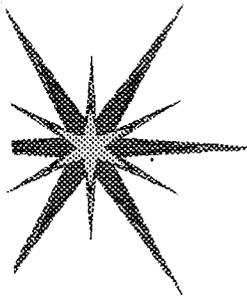
A. Railroad Credit Union Statistics

B. Trained Potential Credit Union Personnel

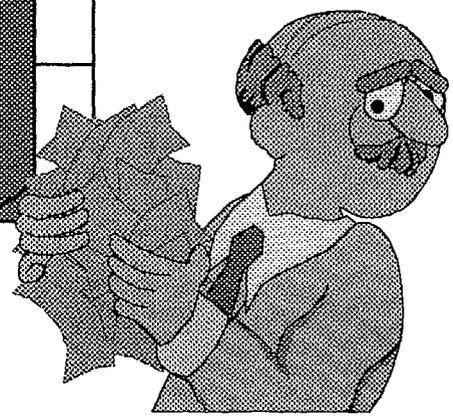
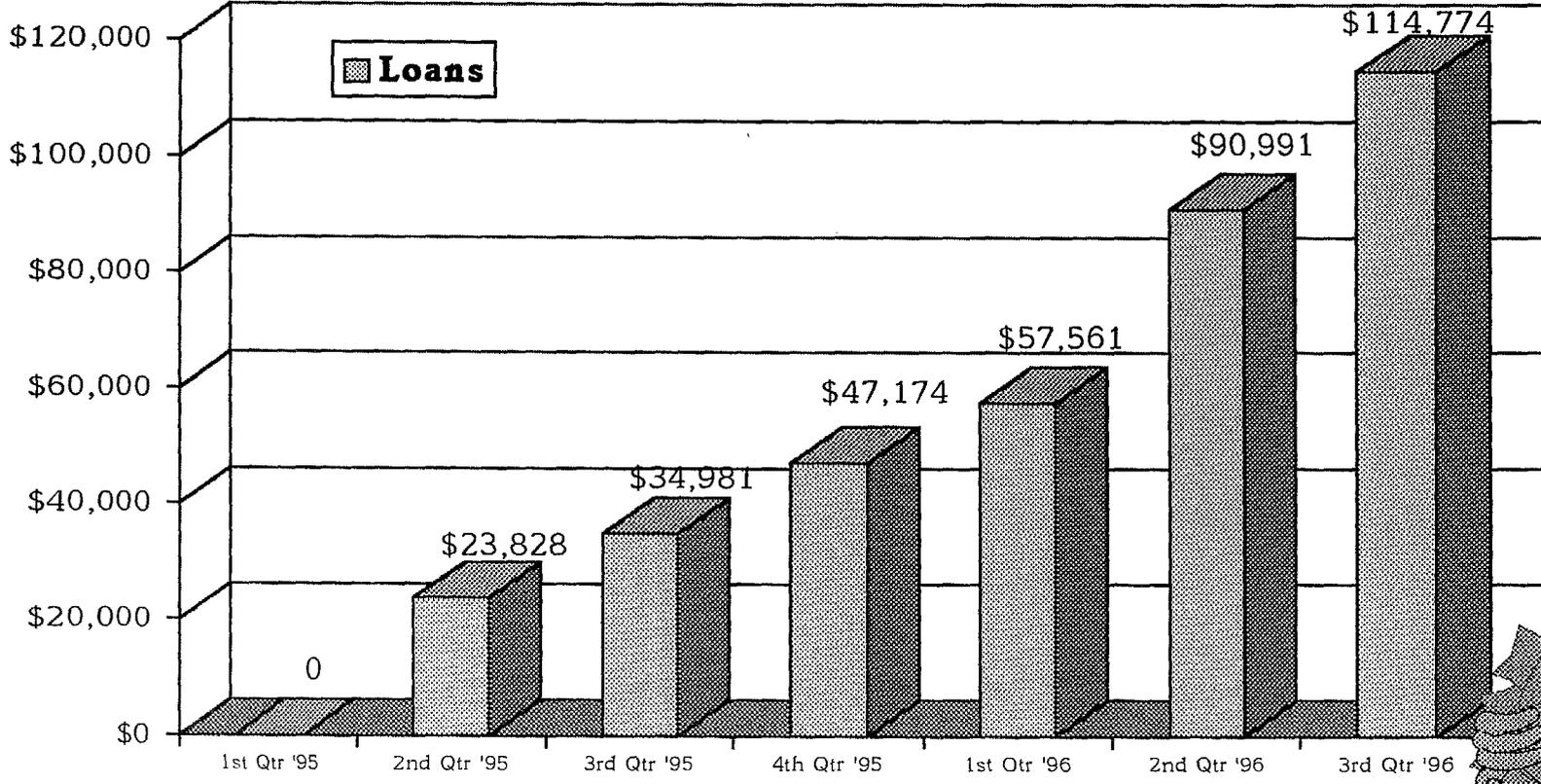


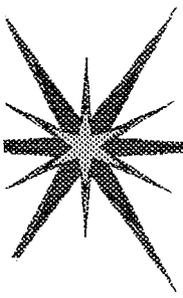
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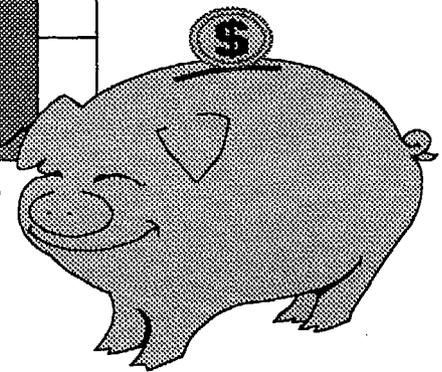
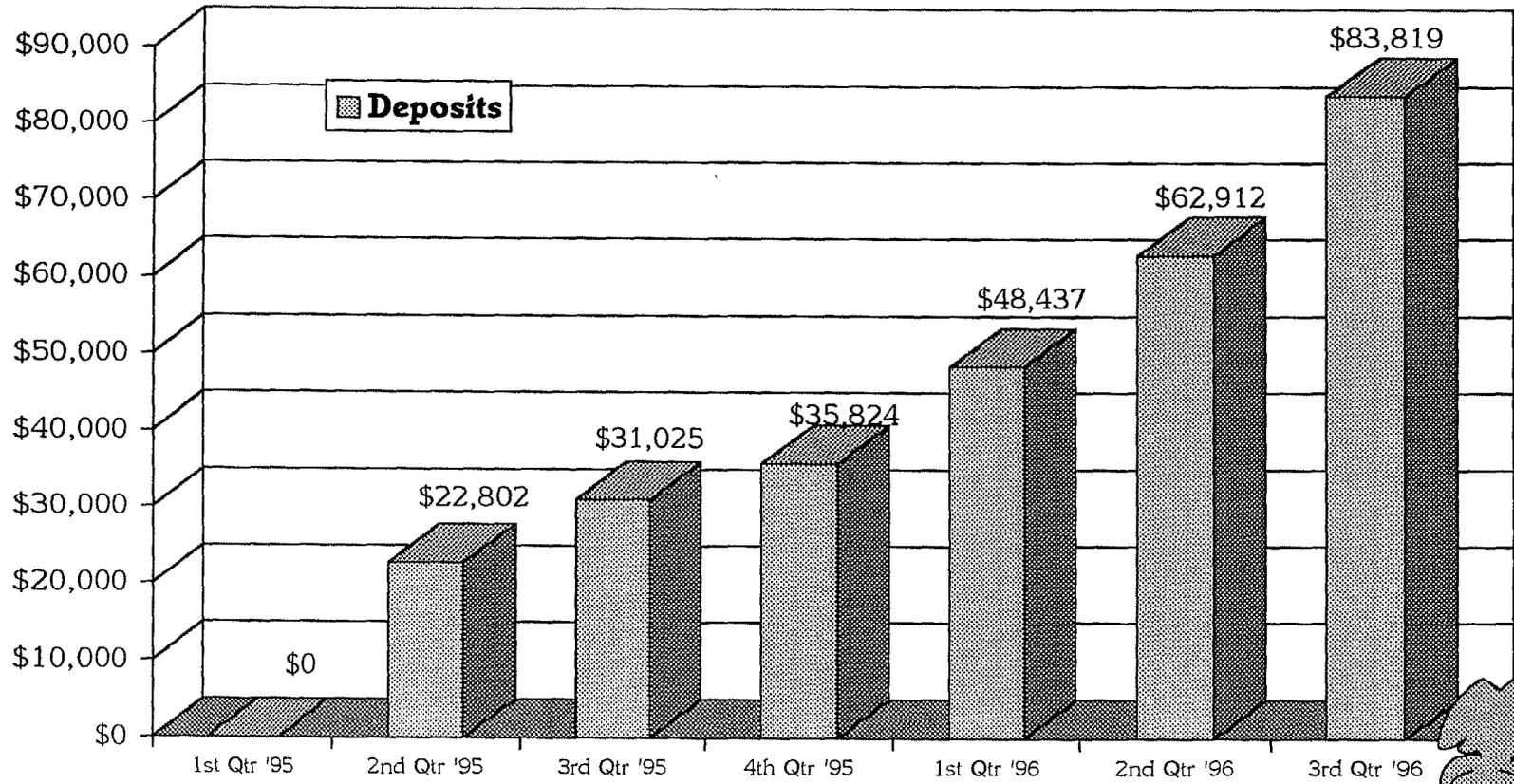


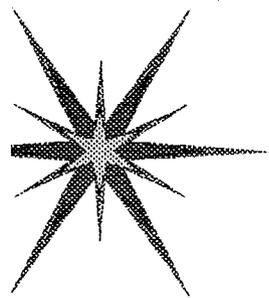
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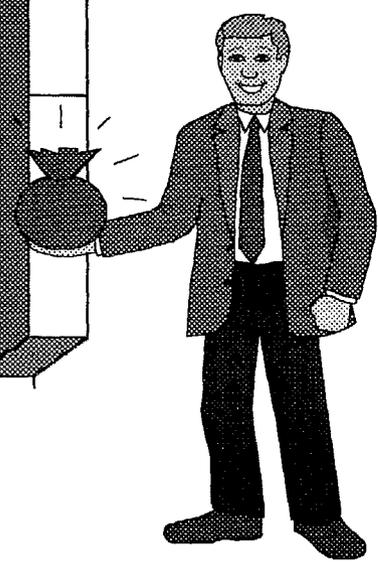
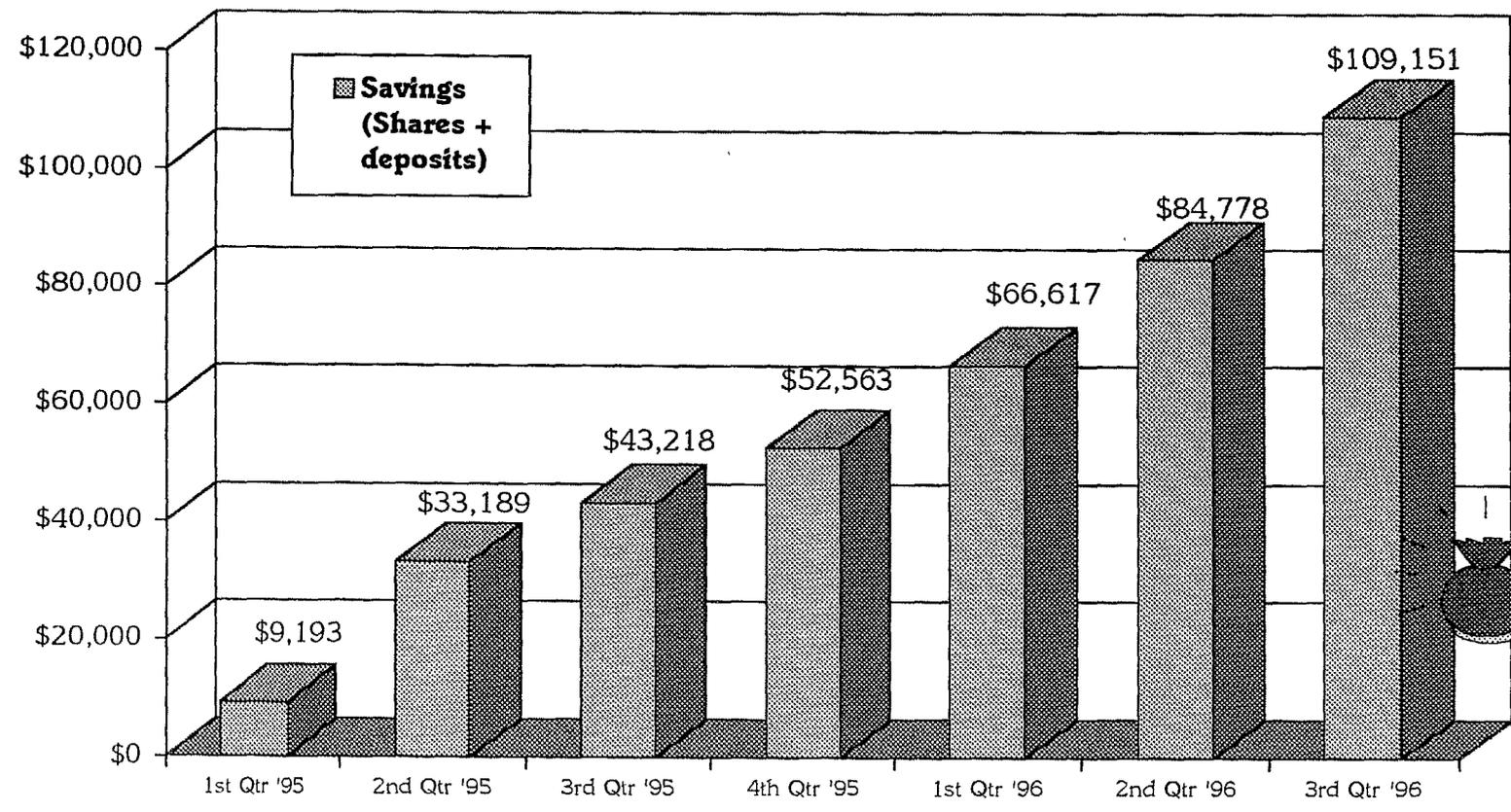


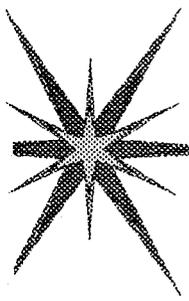
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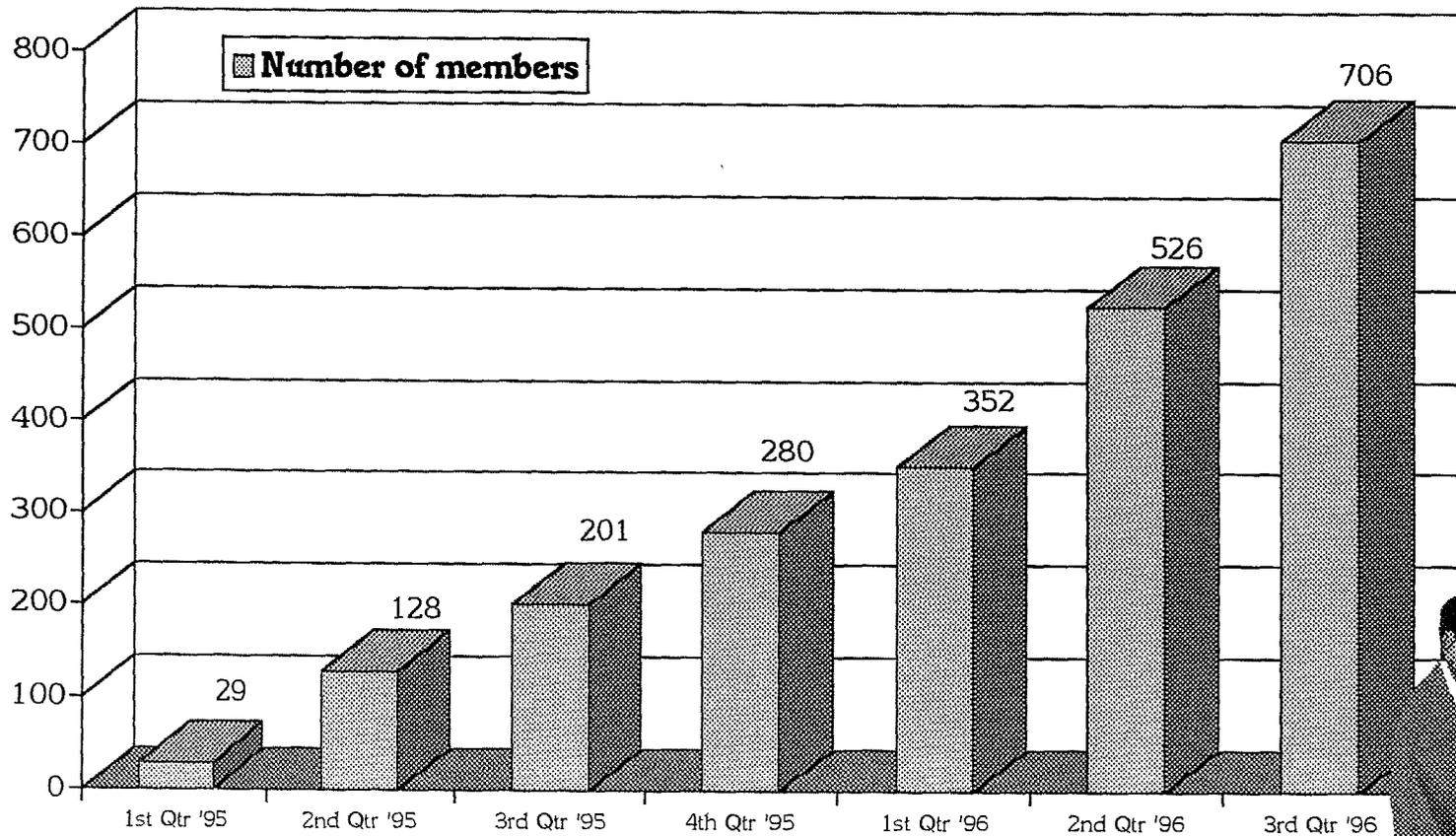


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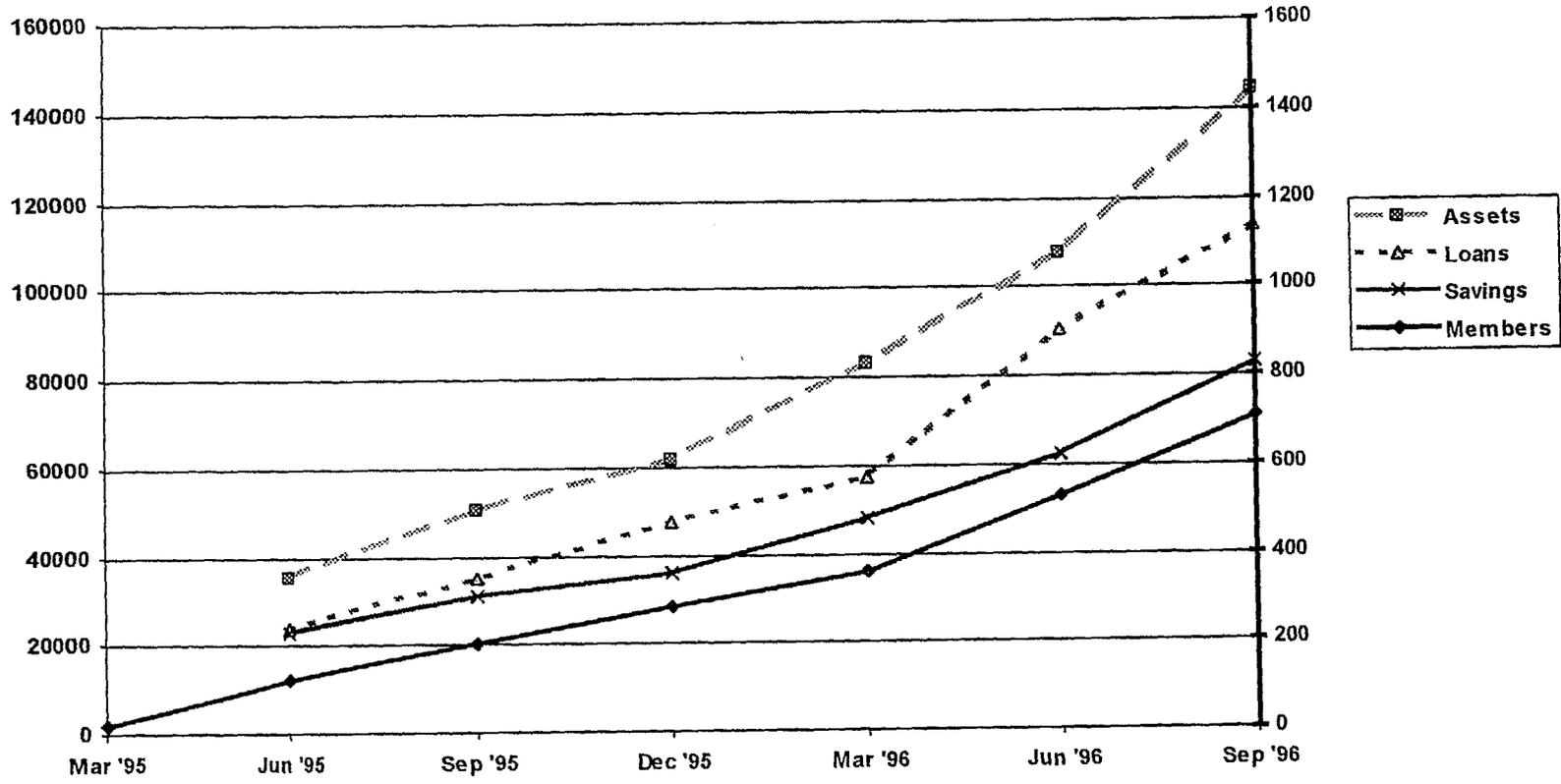


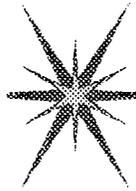


RAILROAD CREDIT UNION



RCU growth





TRAINED POTENTIAL CU PERSONNEL

1996

