



Clockwise from top left: Singapore Government Staff Credit Co-operative Society, TCC Credit Co-operative Limited, The Singapore Teachers' Co-operative Society, AUPE Multi-purpose Co-operative Limited, Singapore Mercantile Credit Co-operative Society.

Banking on Credit Co-ops

Credit Co-operatives, which began as thrift and loan societies in the 1920s, continue to thrive in the age of high finance by helping their members and providing no-frills banking services

LIM YANN LING

The community spirit of the Co-operative (Co-op) movement lives on.

When Madam Kalya Kaur (not her real name) came to Singapore from India to join her husband at the age of 21, she had few friends and no relatives, and she desperately needed financial assistance when her husband was unable to work and fell into debt.

A colleague introduced her to the Amalgamated Union of Public Employees (AUPE) Multi-purpose Co-operative Limited.

Even though she could not speak English, the Co-op's staff communicated with her in her language and approved her loan.

Since then, the Co-op had helped her many times when she needed money to pay for utility and phone bills and her three children's education expenses.



Credit Co-operatives instil a sense of ownership as they allow individuals to band together to help one another.



Each time you save with a Credit Co-operative, your money goes towards helping fellow members as well as their families.

2012 YEAR OF CO-OPERATIVES

Over 800 million people worldwide are members of Co-operatives, also known as a "Co-op".

These social enterprises can be found in all economic sectors, from agriculture to financial services.

Members of Co-operatives usually share a common bond, such as being employees of the same organisation or industry sector.

Every member has voting rights at a Co-op's annual general meeting, and a sense of belonging is cultivated as the members band together to help one another.

Recognising the power of Co-operatives as a model to help eradicate poverty, the United Nations has earmarked 2012 as the International Year of the Co-operative (IYC).

In fact, the economic activities of the 300 biggest Co-operatives in the world now equals the 10th largest national economy.

The Singapore National Co-operative Federation (SNCF) steers the Singapore IYC Programme and is the apex organisation for Co-operatives here. Currently, 29 Credit Co-operatives here are affiliate members of SNCF.

NO-FRILLS BANKING SERVICE

In Singapore, Credit Co-operatives, also known as "Credit Co-ops", have served the nation by providing no-frills banking services for those in the lower and middle-income brackets for over 85 years.

Most of the pioneering Co-operatives from the 1920s started out as thrift and loan societies so that people do not need to resort to borrowing from moneylenders and pay exorbitant interests.

The Singapore Government Staff Credit Co-operative Society (SGS Co-op) was the first to be registered in 1925 to serve members of the Civil Service.

The Co-op, which now has about 6,000 members, "measures its success not by its profit margins but by how well it meets the needs of its members and the larger community", says Mr John Raghavan, chairman of SGS Co-op.

SGS Co-op member Madam Zaharah Mohd Saleh, 38, joined in 1998 and has been granted loans for her home renovations. "The Co-op offers lower interest rates compared to the banks," she says. Her children also benefited from the bursary awards given out by the Co-op.

TRUST IN FELLOWSHIP

Being a member of a Co-operative is more than just having an account with a bank.

Mr Burhanuddin Jaffar, an AUPE Multi-purpose Co-operative Limited member since 1985, has seen his children graduate from primary schools to tertiary institutions, all made possible by the study grants provided by his Co-op.

He has been a Co-op member for 27 years and is proud to be "part of the AUPE family".

The trust in one another that is akin to family ties, coupled with the Co-op's "low-risk, high-transparency" operative strategy, has enabled such social enterprises to weather difficult periods of financial crises.

For example, the Co-operative Banking Group, UK, is a winner of the Financial Times Sustainable Bank of the Year Award. Rabobank Group, a co-operative bank from Netherlands, is ranked 10th in the Global Finance Safest Banks Award 2012. Several local banks in Singapore are among the winners of the same award.

DIVIDENDS FOR GOOD

Members of the TCC Credit Co-operative Limited (TCC) enjoy 24-hour banking access via

Internet, telephone and ATM just like the regular customers of a bank.

Higher interest rates to cultivate the habit of saving is a characteristic of TCC and other Credit Co-ops, which also offer their members rebates, discounts and use of facilities.

The TCC Common Good Fund grants scholarship and bursaries to help children receive the education they need.

Most importantly, TCC's members, who may be ordinary workers with little collaterals, are able to obtain unsecured loans in times of financial need.

GOING THE EXTRA MILE

A Co-operative serves its members with a personal touch.

Mr Zen Hong (not his real name), 30, was advised by a friend to join TCC when he was facing credit card debts.

TCC credit provided him with a consolidation loan, on one condition: his credit cards were "confiscated" to prevent him from rolling his debts.

Three years on, with the help of the Co-op, Mr Wong has cultivated the habit of keeping monthly savings and by April next year, he will be debt-free.

AUPE Multi-purpose Co-operative Limited member, Madam Ang Seok Lin (not her real name), recalls the Co-op's staff who would help her to fill up the study grants application for her son every year.

As a single parent who applies for loans to lessen her financial burden of education fees, bills and other expenses, Madam Ang has never been rejected since she joined as a member 13 years ago.

SELF-HELP, COMMUNITY HELP

Making a social difference to their members is the key reason for the Co-ops' existence.

As a Co-op member, you also serve the other members and the community directly. Each time you save, you help another member to obtain basic amenities and relieve financial stress caused by debt.

The Singapore Teachers' Co-operative Society (STCS) whose members are mainly teachers, makes donations to non-profit organisations, such as hospices and welfare homes.



School children interacting with the elderly, as part of STCS' social mission.

Since 2003 STCS has disbursed \$136,800 in student grants to 760 pupils from 76 secondary and primary schools.

In recognition and to instill the self-help and community spirit into children, schools have involved their recipients to pen down their gratitude.

Primary 5 student, Xavier Ow, from Farrer Park Primary School wrote that he was grateful to be allowed to use the grant to purchase his textbooks.

The Singapore Mercantile Co-operative Society (SMCS), a time-honoured Co-operative founded in 1926, serves 5,700 members from 60 commercial firms.

Apart from teaching its members to "save regularly and borrow wisely", the Co-operative also cares for the welfare and social interests of its members and their families.



Children benefit from Credit Co-operatives' bursaries and scholarships.

What makes Credit Co-Ops different

	CREDIT CO-OPS
Individual ownership & Voting Rights	Yes. Members are able to have an individual stake in the co-op and has voting rights.
Objective	To take care of members' economic needs, working towards the improvement of their standard of living, and socio-economic standing. This is done so by assisting members with: <ul style="list-style-type: none"> Personalised, convenient and safe banking services with competitive savings rates Regulated, but easier access to loans at lower loan rates
Social Mission	Dedicated to serve members and direct community.
Benefits	For all members <ul style="list-style-type: none"> Dividend payouts Rebates Discounts Use of facilities

Credit Co-operatives are not charities and are not government-linked. They are not-for-profit enterprises that follow the principle of self and mutual help to serve social and financial needs of members by encouraging savings and providing affordable loans.