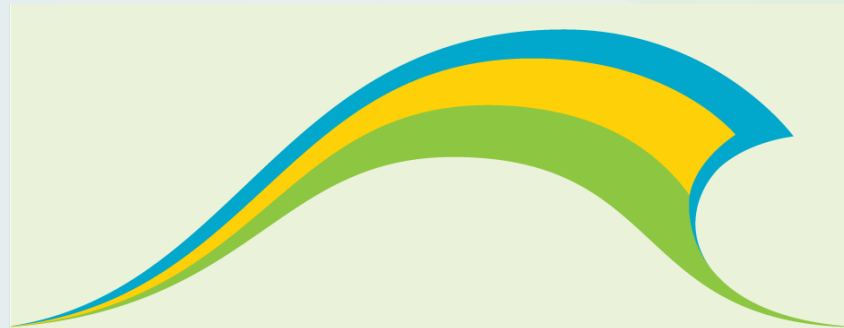


# Measuring Impact - Affinity Credit Union

Réseau de recherche pour mesurer la  
**DIFFÉRENCE COOPÉRATIVE**

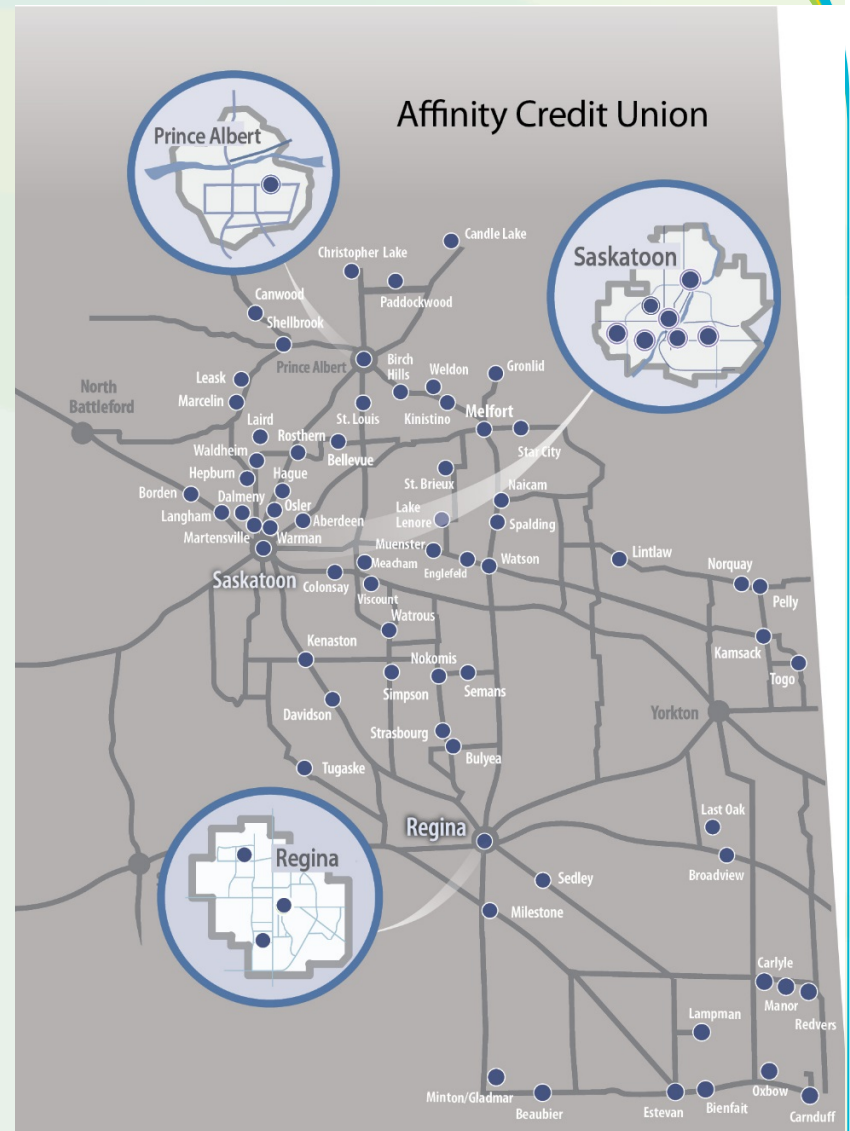


Measuring the Co-operative Difference  
**RESEARCH NETWORK**

Myrna Hewitt, EVP Marketing and  
Community

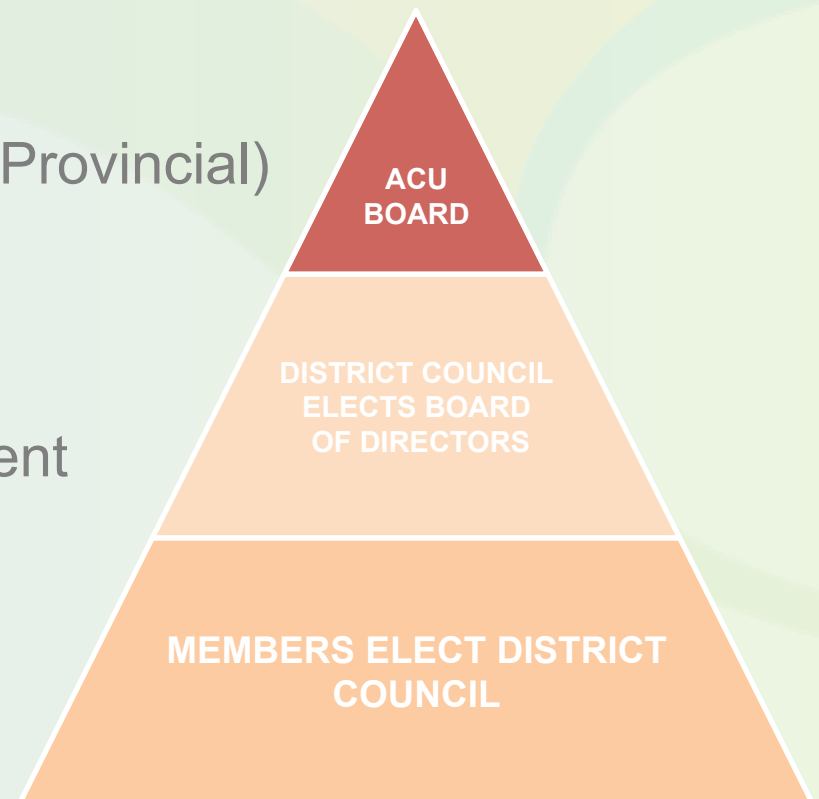
# Affinity Credit Union

- 65 communities
- 9 insurance agencies
- 900+ employees
- 130,000+ members
- \$5.3b in managed assets
- 8<sup>th</sup> largest credit union in Canada
- 9 First Nations Partners



# ACU Governance

- **Unique structure**
  - 12 district councils
  - 122 elected delegates
  - First Nations district council (Provincial)
  - 23 directors
  - Staggered 3-year terms
- **Benefits**
  - Increased member involvement
  - Board succession
  - Delegate development plans
  - youth



# Delegate Responsibilities

- Voice of the membership
- Actively involved in strategic planning
- Allocate community funding
- Serve on board committees
- Oversee nomination process
- Provide guidance on mergers, branch network, services



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# ACU Community Strategy

- To foster healthy communities and productive economies
- Focus moved from donations to community impact
- Guided by four pillars:
  - Building community assets and facilities
  - Contributing to local economic and community enterprise development
  - Facilitating financial empowerment
  - Enhancing environmental sustainability



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# Building Community Assets and Facilities

- Re-investing members' deposits in local services, facilities and businesses that contribute to the health and economic stimulus of our communities
- Grants from District Councils or corporate budgets

## **EGADZ – HeadStart on a Home – Station 20 West**



# Contributing to local economic and community enterprise development

- Support social enterprises
- Help organizations create jobs; enhance skills and deliver essential goods and services

**Farm in the Dell – Prairie Fresh Food Corporation – Good Food Junction**



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# Facilitating financial empowerment

- Enhance the financial well-being and economic self-reliance of disadvantaged populations
- Invest in programs that:
  - Increase financial and literacy skills and well-being
  - Offer advice
  - Provide tools and information

## **Read Saskatoon – Workshops – Individual Development Accounts**



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# Enhancing environmental sustainability

- Affinity partners with other like-minded organizations to support environmental sustainability
- Goal is a world in which all needs can be met in sustainable ways
- Sustainability requires healthy ecosystems, healthy livelihoods and healthy human communities.

**CarShare Co-op – Wascana Authority – Sask Environmental Society  
Energy Retrofit**



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# Global Alliance



- Organization with members from the world's leading sustainable banks
- A shared commitment to finding global solutions to international problems
- Working to change the way banking works in the world
- Working to improve the quality of life for under-served
- Affinity CU joined in 2012



Measuring the Cooperative Difference Research Network

# Sustainable Banking

- Three requirements to join GABV
  - Regulated financial institution
  - Mission beyond profit (sustainability)
  - Transparency reporting

[gabv.org](http://gabv.org)

# Sustainable Banking Principles

1. Triple bottom Line
2. Grounded in community; real economy
3. Long-term client relationships
4. Self-sustaining; resilient
5. Transparent and inclusive governance
6. Principles embedded in culture

# Scorecard Factors

## Eight quantitative factors:

1. Bank Resiliency through Earning
  - 3-year average return on equity
2. Bank Resiliency through Capital Strength
  - equity/balance sheet assets
3. Bank Resiliency through Asset Quality
  - loans past 90 days and impaired assets/balance sheet assets

# Scorecard Factors

4. Bank Resiliency through Client Driven Liquidity
  - client deposits/balance sheet assets
5. Assets Committed to the Real Economy
  - real economy assets/total assets

\* \* \* \* \*

**Real Economy = economic activity generating  
goods and services**

**Financial economy = concerned exclusively with activity in the  
financial markets**

# Scorecard Factors

## 6. Revenue derived from the Real Economy

- $\text{real economy revenue} / \text{total revenue}$

## 7. Assets Committed to Triple Bottom Line

- $\text{triple bottom line assets} / \text{total assets}$

## In 2013 [Direct Exposure to Clients

- $\text{directly sources and serviced clients} / \text{total clients}$ ]

# Scorecard Elements

## **Six qualitative elements:**

1. Board commitment to sustainable banking (SB)
2. Management commitment and leadership to SB
3. SB performance is tracked and reported

# Scorecard Elements

4. Initiatives to imbed SB throughout the organization
5. Organizational structure integrates SB in daily activities
6. SB embedded in incentive, compensation and performance structures

# Affinity Credit Union Scores

- 4. Client Funding as a percentage of Total Assets
  - 90.9% in 2013; 90.88% in 2014
- 6. Real Economy Assets as a percentage of Total Assets
  - 86.6% in 2013; 85.44% in 2014
- 8. Real Economy Revenues as a % of Total Revenues
  - 64.9% in 2013; 63.62% in 2014
- 10. Triple Bottom Line Assets to Total Assets
  - 42.81% in 2014

# GABV Comparative Study

- Compared sustainable banks (SB) with globally systemically important financial institutions (GSIFI) over a 10 year period
- Pre-crisis (2003 to 2007), post-crisis (2008 to 2012) and over the 10 year cycle
- SBs assets devoted to lending are nearly double that of the GSIFIs (75.9% versus 40.1, from 2003 to 2012)

# GABV Comparative Study

## Loans to Total Assets

	Post-crisis - 2008 to 2012	Pre-Crisis - 2003 to 2007	Over the Cycle - 2003 to 2012
Sustainable Banks	77.4%	74.5%	75.9%
GSFIs	39.3%	41.0%	40.1%

**Affinity CU – 81.88% in 2014**

# GABV Comparative Study

- Sustainable banks rely much more on client deposits to fund their balance sheet compared with GSIFIs
- This shows SBs focus on the real economy but also reduces liquidity risk

# GABV Comparative Study

## Deposits to Total Assets

	Post-crisis - 2008 to 2012	Pre-Crisis - 2003 to 2007	Over the Cycle - 2003 to 2012
<b>Sustainable Banks</b>	<b>75.3%</b>	<b>74.5%</b>	<b>73.1%</b>
<b>GSFIs</b>	<b>42.8%</b>	<b>43.0%</b>	<b>42.9%</b>

**Affinity CU – 90.88% in 2014**

## GABV Comparative Study

- SBs maintained stronger capital positions relative to the larger GSIFIs especially when measured by the Equity/Total Assets (7.2% vs 5.5%) [Affinity – 7.8% in 2013; 7.92% in 2014]
- SBs deliver higher returns on assets (0.53% vs 0.37%) [Affinity - 0.69% in 2013; 0.76% in 2014] with lower levels of volatility

# GABV Comparative Study

- SBs had much higher growth in loans, deposits and total income compared to GSIFIs over the 10 year cycle
- GSIFIs has strong growth before the crisis but slowed considerably post crisis
- Therefore, SBs show a much more consistent growth pattern than GSIFIs

## What have we learned?

- Our impact goes well beyond community giving
- We serve the real economy
- We are economic engines of our communities
- We increase our impact when we loan to start ups, social enterprises and affordable housing
- Measuring impact is a transparent underpinning of sustainable banking
- Through GABV, we are influencing the world's banking system to be more transparent, to support economic, social and environmental sustainability and to serve the real economy