

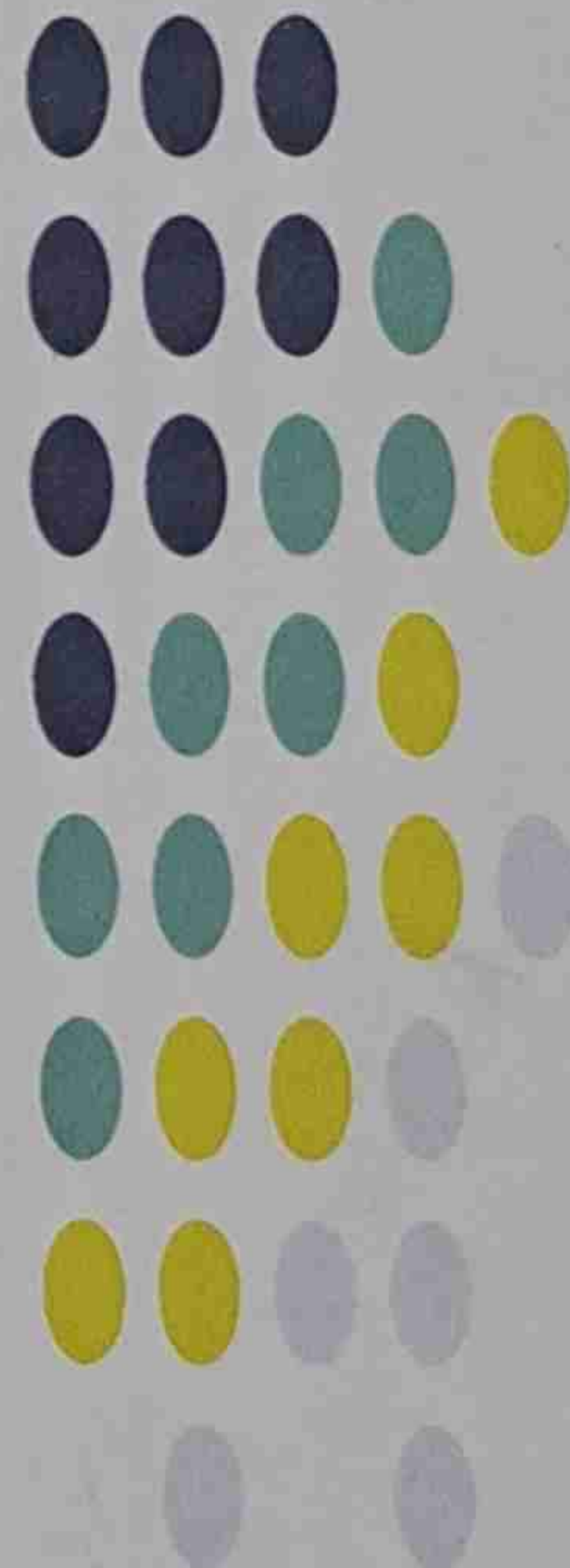
Trainer Manual
360 Degrees
Financial Literacy for
Credit Unions Members

Credit Union Solutions Series Number 16



**ASSOCIATION
OF ASIAN CONFEDERATION
OF CREDIT UNIONS**

The Association of Asian Confederation of Credit Unions presents the Asian Credit Union Solutions Series Number 1 developed based on the actual needs and challenges credit unions in Asia.



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PREFACE

“Credit Unions must not confine themselves to granting loans. Their main objective should be to control the use of money, to improve the moral and physical values of people, and their will to act by themselves,” F.W. Raiffeisen.

The statement was clear that credit union’s mission is to enable its members gain financial independence. In order to achieve financial independence, members must be able to take the right financial decisions. Financial literacy allows people to increase and better manage their earnings—and therefore better manage life events like education, illness, job loss, or retirement. A compelling body of evidence demonstrates a strong association between financial literacy and household well-being.

The pressing need for improved financial literacy on credit union members is of vital importance due to the deterioration of personal finances and the proliferation of new, and often complex, financial products that demand more financial expertise of consumers. The financial illiteracy of members has also tremendous consequences in the institution level (credit union) such as non-payment of loans resulting to high delinquency, low profit, unable to increase institutional capital and negative image.

Financial literacy - the ability to process financial information and make informed decisions about personal finance - has received growing attention in the developed world, and recently, in the developing world, as a potentially important determinant of household that demonstrate low levels of financial literacy like those that tend not to plan for retirement, borrow at high interest rates, and acquire fewer assets. This has led ACCU to advocate on financial literacy education at the credit union level, in hopes of increasing household savings, with the ultimate goal of reducing poverty and improving welfare.

The education delivered by credit unions, unfortunately does not include topics dealing with financial literacy such as the basic financial principles (budgeting and cash management), debt planning, retirement planning, investing, college funding, insurance planning, and estate planning. The education delivered in various settings, includes the history of cooperatives (international and local), principles of cooperatives, cooperative laws, services of the credit union, responsibilities of members, credit union Board and management, and finally - the most awaited topic – how to obtain loan. Generally, members are sitting for a half day pre-membership seminar in the hope for loan entitlement. The types of training provided by credit unions send a different message – credit union is the place to get easy credit.

Lessons that can be learned from the current global financial crisis could be enumerated as recklessness, greed, ridiculous lending standards, disappearing risk managements and so on. Nevertheless, looking at the recipients of credit – unquestionably, they are the people who lack the basic financial skills – not being able to make the right financial decisions. Members of credit unions are also making bad decisions in choosing the right products for them. They usually end up in financial trouble instead of hopping into the road to financial independence.

ACCU considers that the best approach is to educate credit union members and potential members. A financially literate membership of credit unions is the key to credit union success and fulfillment of its original mission.

This training is designed to train national federation trainers enabling them to train credit union staff that allows them to carry out financial literacy program for members and potential members. Assigned as Credit Union Business Solution No. 16, this training manual is anticipated to set the tone for standard financial literacy education in Asian credit unions.



**ASSOCIATION OF
ASIAN CONFEDERATION OF CREDIT UNIONS**

**Trainers Training on
Financial Literacy for Credit Union Members
... Your money, your life, and the future of the generations to come**

GENERAL INFORMATION

OBJECTIVES:

The objective of the training is to introduce a training course to the National Federation to train the training staff of credit unions.

After attending the program, the trainers will be able to:

- Agree and internalize the Credit Union Mission: Helping People Help Themselves
- Analyze the credit union products and services as solutions to members financial problems or needs at every stages of life
- Learn the language of wealth creation and apply the tools in creating wealth
- Articulate the rules of personal financial management
- Generate practical ways to save money
- Demonstrate the need for an emergency fund for every member
- Establish ways to build wealth of members
- Inspire members to plan for their life stages
- Build skills in creating his/her own budget and transfer the same skills to other trainers

SUBJECT AREAS:

1. Credit Union Mission: Helping People Help Themselves	<ul style="list-style-type: none"> • Introduction • Credit Union Mission as Promoted by F.W. Raiffeisen • Review of the Application of the Credit Union Mission in Today's credit unions • Conclusion
2. Credit Union Products and Services: Offering Financial Solutions to Members Financial Problems/Needs at Every stage of Life	<ul style="list-style-type: none"> • Introduction • Members' Life Stages • Financial Needs and Financial Solutions • Credit Union Products and Services
3. Learn the Language of Wealth Creation	<ul style="list-style-type: none"> • Introduction • How much am I worth? • Statement of Net Worth • Strategies to build wealth • Secrets of Building Wealth
4. Rules of Personal Financial Management	<ul style="list-style-type: none"> • Introduction • My Journey to Personal Financial Management • Embracing the Rules of Personal Financial Management
5. Ways to Save Money	<ul style="list-style-type: none"> • Introduction • How can I save? • Inputs: Ways to Save Money
6. Why do you need an Emergency Fund?	<ul style="list-style-type: none"> • Introduction • Definition of Emergency Fund • Life Emergencies • How to Build Emergency Fund
7. Financial Life Planning	<ul style="list-style-type: none"> • Introduction • Life Planning • Life Transition Profile
8. Family Budgeting	<ul style="list-style-type: none"> • Introduction • Financial Goals Worksheet • Money Management Calendar

DURATION

The training is a 21 hour 3-day residential training for the trainers and education committee. However, the topics can also be run separately for Board of Directors, Managers/senior management and members.