

**Financial Inclusion
through
CREDIT UNIONS
in ROMANIA
(UNCARs affiliated CUs)**

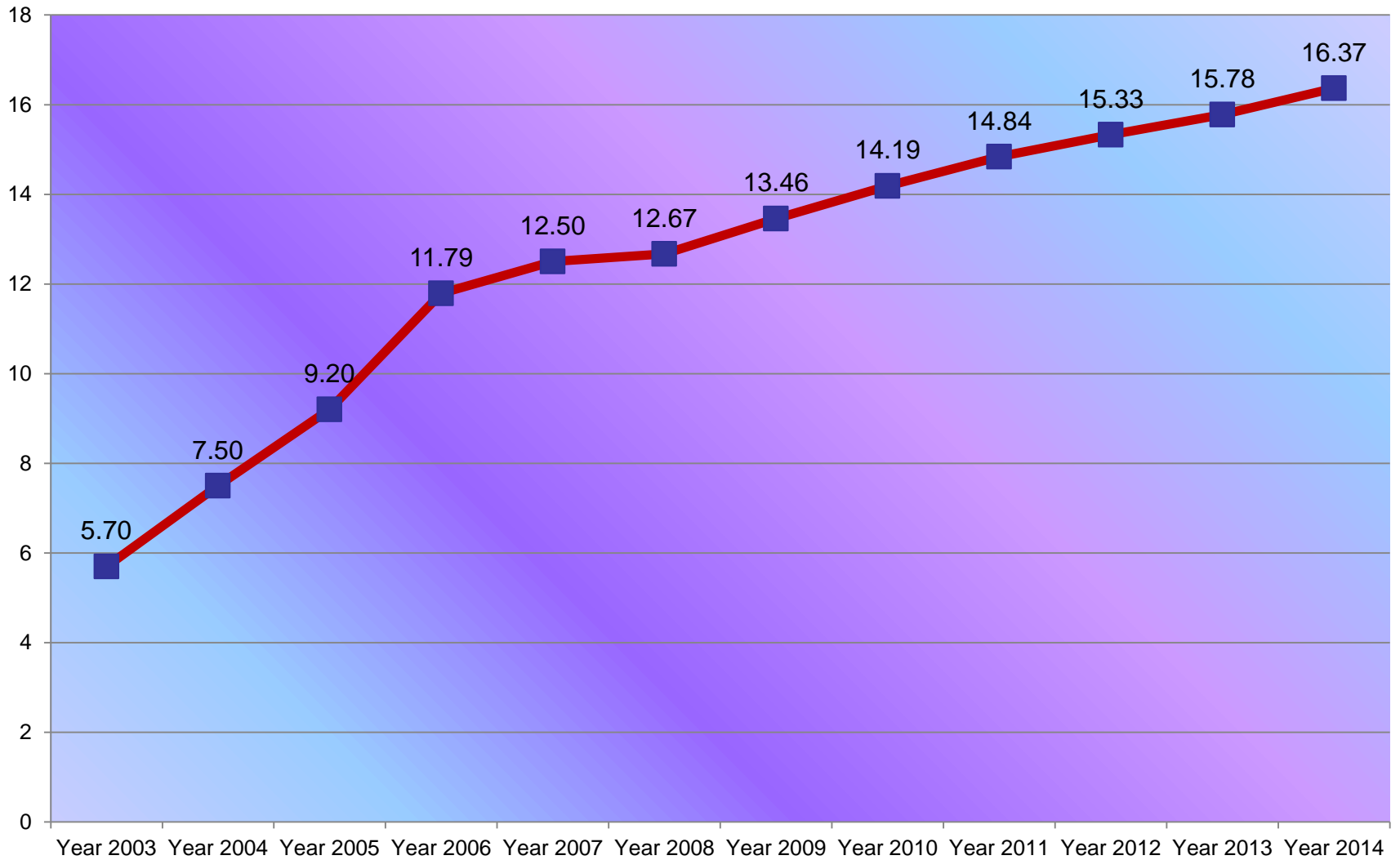
Kinds of Credit Unions

- According to the legal framework a credit union can be set up by at least 350 employees which can belong to a company or a community.
- Practically a credit union is a mixture of members originated both in a company or a community, in a certain proportion.
- Weight of members of community depends on the openness of the credit union (appropriate premise and network of agencies, security infrastructure etc.).

Financial Structure of CU

Assets		Liabilities	
Productive Assets	Loans ($\geq 90\%$ out of Total Assets), out of which Personal Micro credits	Institutional Capital	Initial capital Reserves ($\geq 10\%$ out of social fund)) Surplus (transitory)
	Deposits Liquidity Fund		Capital of Members Social Fund(Shares)
Non-productive Assets	Cash Non-reimbursed Loans and Interests, Debtors Non-financial Assets	Liquidity Fund	Social Support Fund

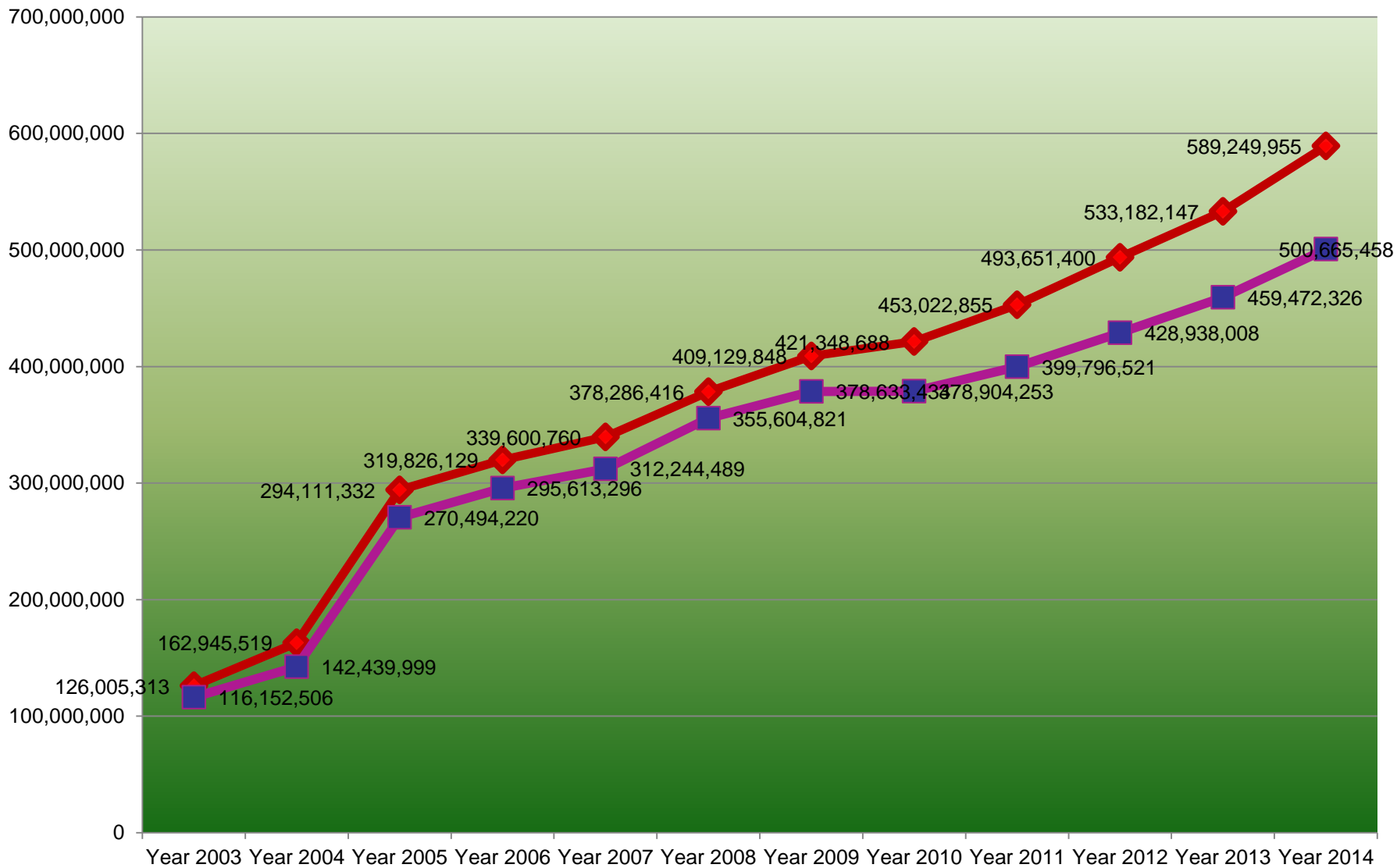
Solvability Index



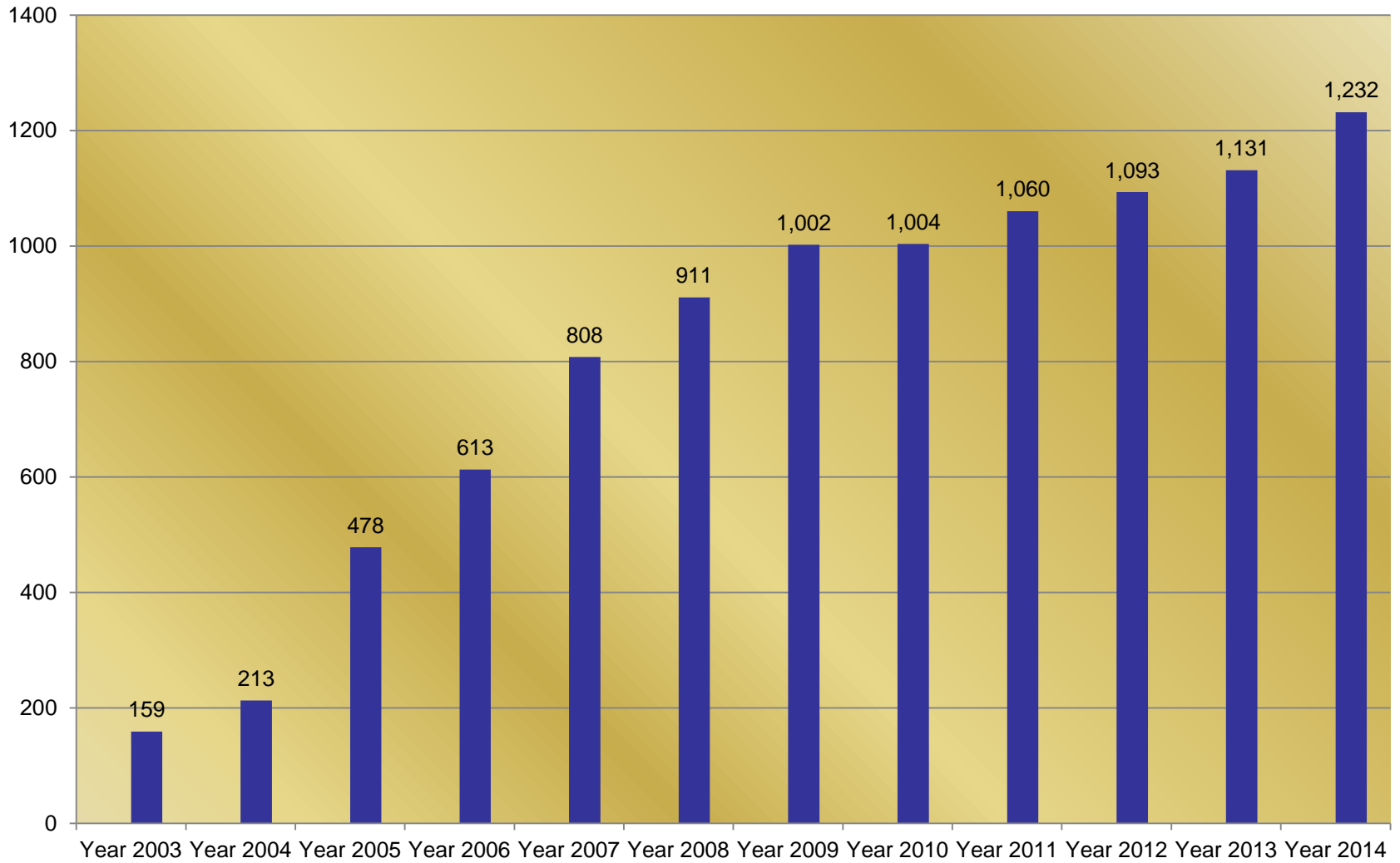
Products and services

- Personal Loans for Consumption
- Personal Micro-Credits for Micro-Entrepreneurs
- Savings to the Social Fund of Members)
- Non-Reimbursable Financial Support for CU Members (in case of social needs such as: naissance, scholarship, university studies, retire, death etc).

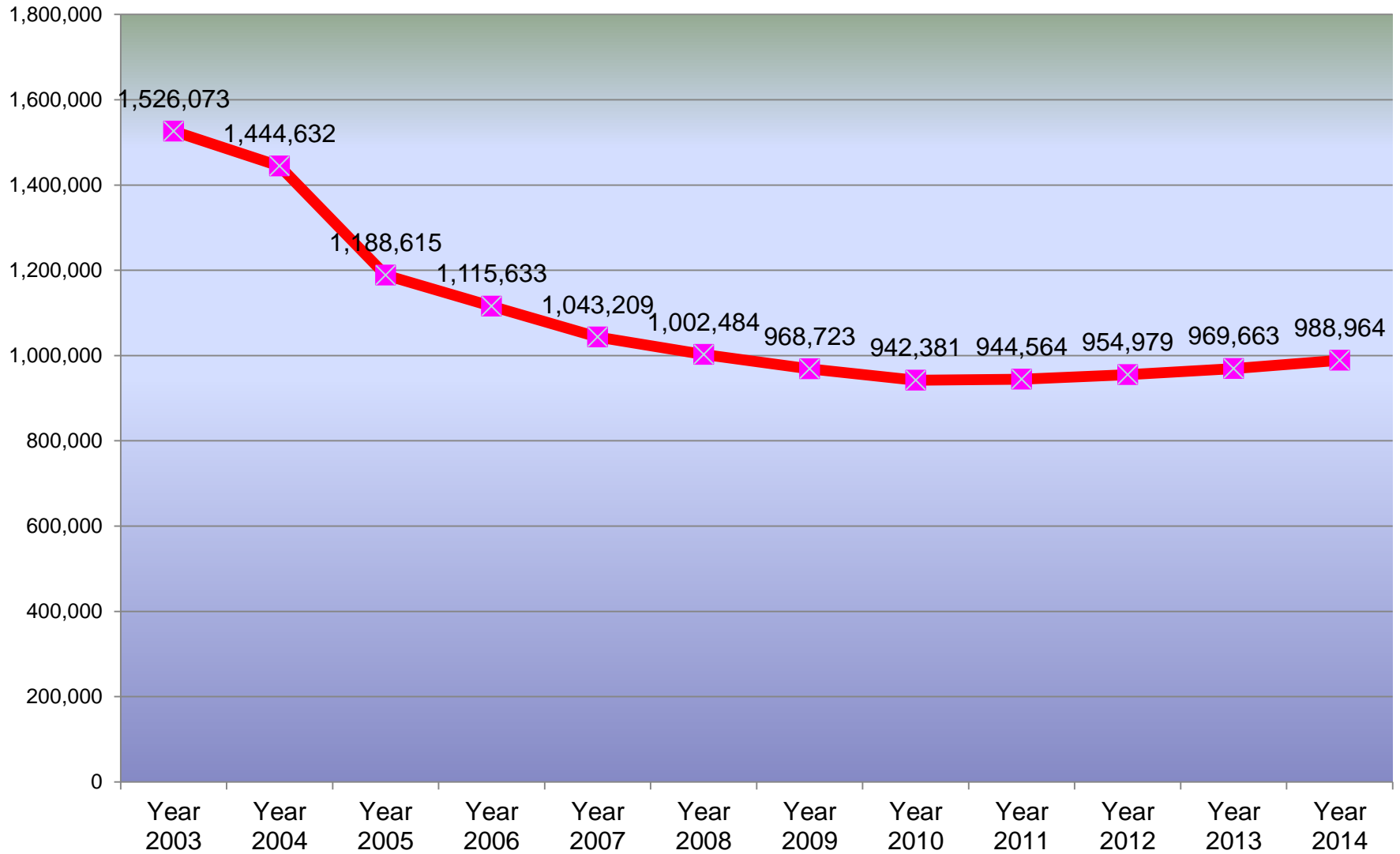
◆ Productive Assets (Euro) ■ Outstanding Loans (Euro)



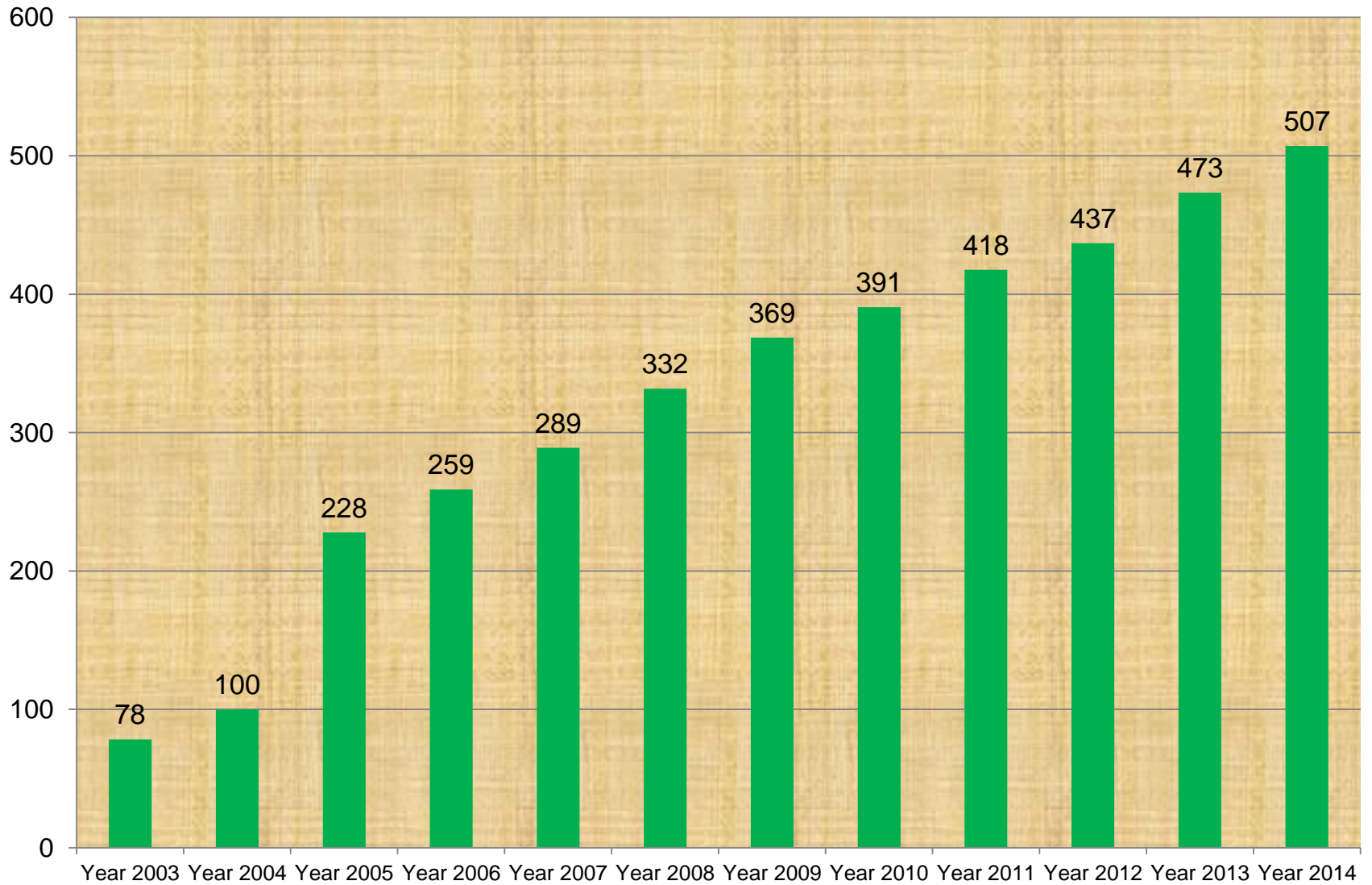
■ Average Disbursed Loan (Euro)



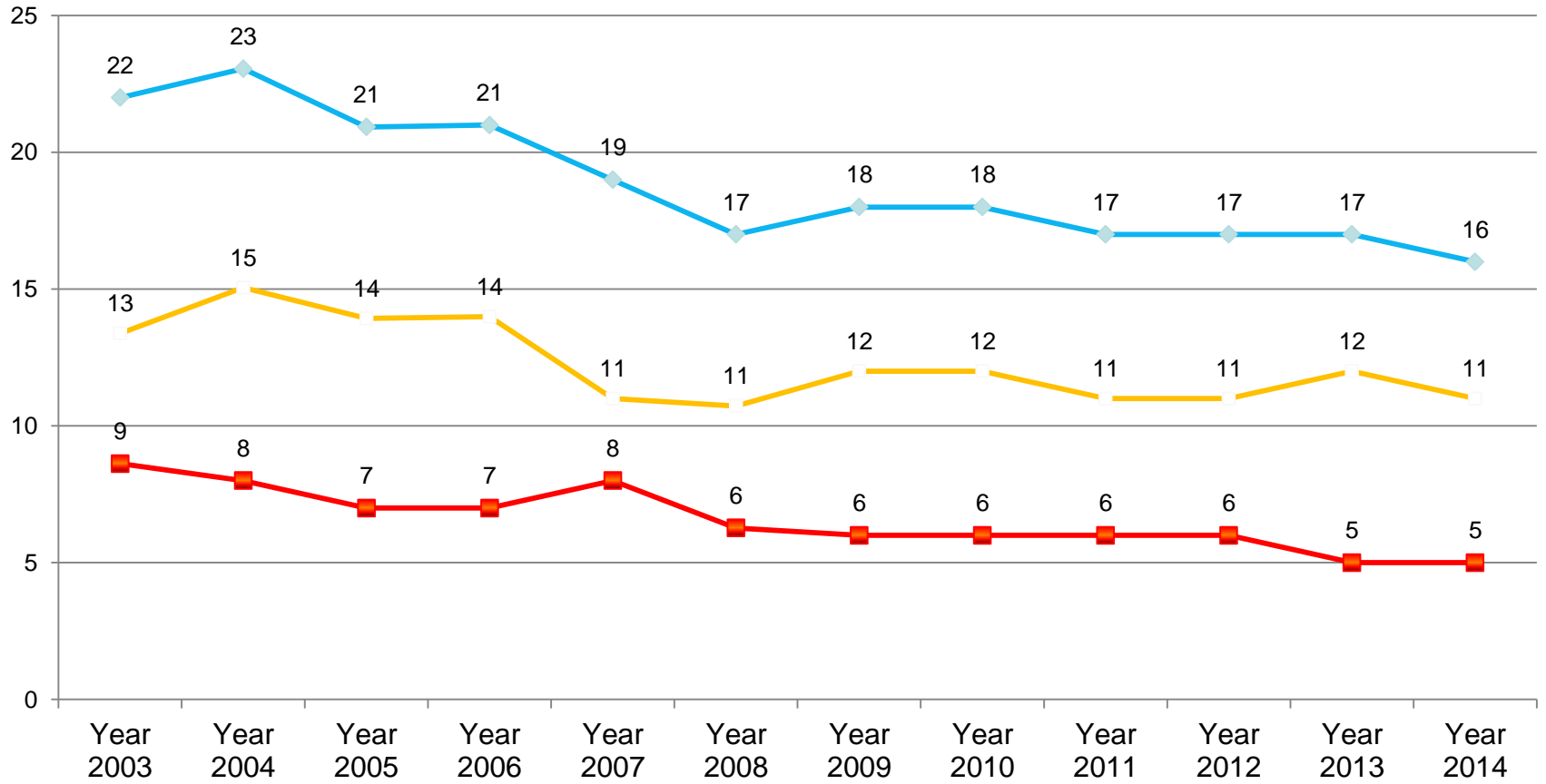
No of CUs Members



■ Shares/Member (Euro)




◆ Lending Rate(%) ■ Dividend Rate (%) — Interest Rate Spread (%)



Utilization of Financial Services

- Savings:
 - 25,1% out of responders in bank current account
 - 22.9% out of responders in CARs
 - 61,0% cash in their home.
- Preferred Sources of loans
 - 50,3% out of responders, in Banks,
 - 44% out of responders in CARs.
 - In the rural area percentage of those who chose CARs is greater than those who chose Banks

Current issues and challenges

- Dissipation in a large number of CUs.
- Limited common bond - employees.
- Affiliation is optional. Non – affiliated CUs are not supervised  a certain lack of appetite for standard compliance.
- Need for a new supervision framework
- Need for a new model of governance
- Need for an virtual/electronic model of credit union