



CRITERIA FOR THE ISSUANCE OF FULL AFFILIATION CERTIFICATE AND PROCEDURES FOR CREDIT UNION OPERATIONS IN GHANA

1.0 FORMATION / BACKGROUND

- 1) Any Credit Union Study Group (CUSG) that has operated for a year or more shall be required to affiliate with the Ghana Co-operative Credit Unions Association (CUA) and register with the Department of Co-operative (DOC).
- 2) The Credit Union Study Group seeking for full affiliation shall be required to have a minimum membership of One Hundred and Fifty (150) with a potential membership of not less than Six Hundred (600).
- 3) The Society shall be required to operate from an appropriate business premises, staff operating area with ventilation, lighting, etc.
 - a. Demonstration of a fortified premises, including adequacy of alarm systems, fire extinguishers supported by fire certificates, vaults or safes, etc.
 - b. Must provide the office location and a signboard conspicuously placed and its business hours boldly written.
- 4) The Society must ensure that all the Board of Directors and Committees (Loans and Supervisory Committee) are properly constituted through elections before full affiliation.
- 5) The Society shall be required to use an appropriate Management Information Systems, (computers, approved software by CUA, internet, etc).
- 6) The Society must ensure that all its staff employed for the operations of the Society are well trained in their lines of duties and on the credit union principles.
 - a) The Society must possess an up-to-date insurance covers – fire, burglary, fidelity guarantee, cash, etc.

2.0 LEADERSHIP AND TRAINING

- 1) The Society shall be required to have a maximum of five (5) member Board of Directors, three (3) Loans Committee and three (3) Supervisory Committee member.
 - a. The Society's Board of Directors and Committees should not be more than seventy (70) years of age at the time of application.
 - b. The Board of Directors and Committees shareholdings should be at least three times higher than the minimum shares as prescribed by the Society.
- 2) The Board and Committees had been fully oriented on the concepts and the responsibilities of their mandates.
- 3) The Board of Directors of the Society are required to have fair knowledge in the management and operations of the credit union.
- 4) The Board of Directors and Committees shall be required to undergo an intensive Credit Union orientation programme for a day with personnel from CUA.
 - a. None of the Board of Directors or Committees should be closely related with any member of the Committees including the Manager of the Credit Union.
 - b. The Committees should not have been seen meddling in any issue of Conflict of Interest.
- 5) The Society shall be required to engage the services of a full time Manager or Book-Keeper with a background in accounting or finance who will be trained on the concept of credit unions and to maintain accurate records.
- 6) The Manager or Book-Keeper of the Society should not be more than sixty (60) years of age.

3.0 OPERATIONS

- 1) Members of such Society shall be required to pay an entrance fee of not less than Ten Ghana Cedis (GH¢10.00).
- 2) Members in the Credit Union shall be required to save at least GH¢20.00 per month.
- 3) The Credit Union shall be required to comply with the Credit Union Bye-laws and Article of Association and all Policies covering the operations of credit union.

- 4) The Credit Union shall be required to use all the primary books of accounts (Receipts Books, Payment Vouchers, Members Pass Books, Ledger Cards, etc.) of CUA.

4.0 FEES AND OBLIGATIONS

- 1) All Societies seeking for full affiliation shall pay an Affiliation Fee of GH¢500.00 or as may be determined from time to time by CUA.
- 2) A Society accepted for affiliation shall be required to purchase a minimum share of Five Hundred Ghana Cedis (GH¢500.00) in CUA.
- 3) The Societies must have saved at least **5%** of its Total Assets in the **CUA- Central Finance Facility** and have paid the required.
- 4) The Societies must satisfy that it is part of the Risk Management Program.

5.0 PROCEDURE FOR THE CERTIFICATE OF AFFILIATION

The following Procedures shall be followed in issuing a **Certificate of Affiliation**:

- 1) The Society shall apply in writing as a resolution together with the **Affiliation Application Form** to the General Manager of CUA through the Regional Manager for the Certificate of Affiliation.
- 2) The Society shall provide the full list of Membership including Shareholdings, account numbers, contact(s) and address of the members registered.
 - a. Each member is mandated to have a minimum share of One Hundred Ghana Cedis (GH¢100.00) or as agreed in the Society's Bye-laws.
- 3) The Society must also submit the following documents together with the application for verification and analysis;
 - a. Board of Directors, Committees and Manager's Profile as well as their shareholdings.
 - b. The Draft Bye-laws of the Society
 - c. Accounting and Operating Manuals / Policies approved by the Interim Management Board and certified by CUA including Strategic Plan and Financial Projections for three (3) years
 - d. Internal Controls and Training Manual approved by the IMB and certified by CUA

- e. 12 Months Monthly Financial and Statistical Reports (MFSR)
 - f. Current Audited Financial Statements – meeting the standard of Credit Union Operating Standard.
 - i. Capital Adequacy – 15% of Total Assets
 - ii. Liquidity – 20% of Total Assets
 - iii. Net Operating Margin – 6% of Average Assets
- 4) The Regional Manager shall be required to add his/her recommendations and Feasibility Study Report to ascertain that the conditions surrounding the operations of the Society confirms it viability.
 - 5) The documents shall be forwarded to the General Manager within one week after the assessment.
 - 6) The documents will be referred to the Operations Division at the Head Office for further action.
 - 7) Upon assessment and passing the test, a Certificate of Affiliation shall be issued by CUA; signed by the General Manager and counter sign by the National Chairman.
 - 8) The Certificate of Affiliation shall be valid for **two (2) years** before renewal.

6.0 POST AFFILIATION

- 1) The Credit Union (CU) shall be required to purchase the necessary books of accounts from CUA for use.
- 2) The CU shall be required to register with the Department of Co-operatives with a recommendation from CUA post three (3) months of Affiliation
- 3) The CU shall be required to attach “**CREDIT UNION**” to its name and on all other relevant documents.
- 4) The CU shall be strictly monitored on its operations which will include governance, memberships, financial and education within the first six (6) months after the issuance of the Certificate of Affiliation.
- 5) The CU Board of Directors shall be required to submit a Monthly Financial and Statistical Report (MFSR) to CUA on monthly basis.
- 6) The CU shall not be permitted to open any Branch, Agency, Mobilization Centre, Collection Point or Pay Point without written approval from CUA.

- 7) Continuous membership education must be conducted for members to be abreast with the credit union principles and benefits.
- 8) The staff are required to be bonded by signing a Fidelity Guarantee Form to forestall any act of misconduct.
- 9) Affiliated Society shall be part of the Deposit Guarantee Scheme.
- 10) The Credit Union shall be required to pay it **Annual Dues** to both CUA and the Chapter base on the Membership Statement
- 11) The Credit Union shall be required to participate in all meetings, trainings and programs of the Chapter and the National Association
- 12) CUA reserves the right to withdraw the Affiliation Certificate at any point in time if the operations of the Credit Union is in deviation with the principles and regulations of credit unions.

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