



**CIPRIANI COLLEGE**  
OF LABOUR AND CO-OPERATIVE STUDIES

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# Power to the Members! How Active Participation Shapes Credit Union Governance

Credit unions are unique financial institutions that operate under the globally recognized cooperative model, prioritizing the needs of their members over profit generation. They are owned and governed by their members, making active membership crucial to their success. Effective governance in credit unions is highly dependent on member participation, engagement, and decision-making. Without an active and involved membership, credit unions risk losing their democratic foundation, transparency, and the ability to serve the needs of their community effectively.

One of the fundamental principles of credit unions is democratic member control, where each member has an equal say in governance, regardless of the size of their deposits. This principle ensures that no single individual or group (such as the Board's Executive) dominates decision-making. Members elect the board of directors from among themselves, ensuring that leadership remains accountable and aligned with the interests of the community. The democratic election process allows members to select individuals who represent their values and priorities, ultimately shaping the strategic direction of the credit union. When members actively participate in elections, they contribute to a system of checks and balances that strengthens governance, fosters transparency, and promotes ethical decision-making. Without member involvement in these elections, credit unions run the risk of leadership stagnation, where the same individuals hold positions for long periods without adequate accountability.

An engaged membership is essential for the effective governance of any credit union. However, engagement goes beyond simply being a member. It requires staying informed

about policies, financial performance, and the strategic direction of the institution. One way members can remain engaged is by attending annual general meetings (AGMs), where they have the opportunity to review financial reports, participate in discussions, and vote on key decisions. AGMs provide a platform for members to voice their concerns, ask questions, and propose changes that reflect the collective interests of the membership. Additionally, participation in surveys, forums, and focus groups allows members to contribute their perspectives, ensuring that credit union policies and services evolve in response to their needs. The diversity of member input strengthens the credit union by making it more responsive to the changing financial landscape and the needs of its community.

Members also play a critical role in holding the board and management accountable. Through voting, feedback mechanisms, and oversight committees, members ensure that leadership decisions align with the credit union's mission and values. This democratic oversight helps prevent mismanagement and unethical practices, safeguarding the institution's financial health and integrity. When members take an active role in monitoring leadership performance, they help maintain transparency and trust within the organization. This is particularly important in cases where financial mismanagement or conflicts of interest arise. Without proper member oversight, there is a risk that a credit union could deviate from its original mission, potentially prioritizing profit over service or failing to address the financial needs of its members.

Beyond governance, member involvement extends to financial contributions that sustain the credit union. By actively using credit union



services, such as savings accounts, loans, and investment products, members support the institution's stability and growth. When members deposit their funds into credit union accounts, they provide the necessary capital for the institution to offer loans and other financial services. Additionally, members who take out loans from their credit union rather than from traditional banks reinforce the cooperative model, ensuring that funds circulate within the institution to benefit the entire membership. Membership expansion is also a key component of financial stability. Without continued membership growth, credit unions may struggle to remain competitive against larger financial institutions, limiting their ability to offer competitive rates and innovative services.

In addition to financial engagement, members serve as advocates for the credit union movement, promoting cooperative principles and values. Advocacy efforts may include lobbying for favourable regulations, educating the public on the benefits of credit unions, and supporting initiatives that enhance financial literacy. Strong membership advocacy ensures that credit unions remain viable alternatives to other financial institutions. When members are well-informed and proactive, they can influence legislative decisions that affect the regulatory environment in which credit unions operate. Additionally, by educating others about the benefits of credit unions—such as lower fees, better interest rates, and community-focused service—members help build public trust and attract new individuals to join the financial cooperative. Advocacy is particularly important currently where credit unions face regulatory challenges and competition from large financial institutions that may attempt to undermine their cooperative model.

The role of membership in credit union governance cannot be overstated. Active participation, democratic control, accountability, and financial engagement are the pillars of effective governance. Credit unions thrive when members take an active interest in decision-

making and oversight, ensuring that these institutions remain true to the cooperative principles while delivering financial services that benefit the community. A culture of involvement and responsibility among members is key to the long-term success of credit unions worldwide. Without member participation, credit unions risk losing their unique identity and the very principles that set them apart from traditional financial institutions. Only when members foster a sense of ownership and commitment will credit unions continue to grow, adapt, and serve the evolving needs of their communities for generations to come. More than executives, boards and committees, your membership matters!

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