

Interview with Priscilla Boucher, Vice President, Corporate Social Responsibility, Assiniboine Credit Union

Interviewer: Usman Mohamed

On May 6th, 2010, Assiniboine Credit Union (ACU) became the first bank in Winnipeg to offer Islamic mortgages. It marked the culmination to almost half a decade of consultation and planning with the Manitoba Islamic Association (MIA) along with an advisory board set up by the bank in consultation with the MIA to work out the framework for an Islamic mortgage within ACU's and the Canadian banking system. Islamic mortgage services will be offered exclusively at the ACU's branch located at 2659 Pembina Highway, Winnipeg, Manitoba.

The following is an excerpt from a brief interview with Priscilla Boucher from ACU.

Q. What are Credit Unions and can you provide us with a sense of their history and development within the Canadian banking system?

A. Credit Unions are financial corporations owned by its members and exist primarily to serve members and the community. They emerged out of a need to provide financial services to under-served members of the community who are often cut off from the services provided by mainstream banks as a result of their geographic location, lower income and poorer neighborhoods. These members of the community often have special needs that are not accommodated by larger banks for the aforementioned reasons. In a sense, Credit Unions are a cooperative set up by its members to provide financial services to them and their communities.

Q. How are Credit Unions different from larger banks like RBC, BMO and TD?

A. Unlike larger banks, Credit Unions are smaller, more localized and not nationwide. Also unlike larger banks which are owned by shareholders, Credit Unions are owned by members, who are also shareholders. The owners also elect the Board of Directors and all have one vote. In that way, Credit Unions have a more democratic structure in comparison to larger conventional banks.

Q. How do Credit Unions stay competitive in a banking system dominated by larger banks with more resources and branches nationwide?

A. In order to stay competitive, over time, Credit Unions go through mergers to be able to have the technologies required to be competitive with bigger banks. For instance, Assiniboine Credit Union merged with Astra, Vantis and Buffalo Credit Unions. An indication of this trend is seen right across Canada as the number of Credit Unions decrease while their assets and members are on the increase.

Q. Take us through Assiniboine Credit Union's journey into Islamic mortgage?

A. In 2005, we were approached by the MIA to develop Islamic financing for its growing Muslim community. We conducted a survey in the Muslim community involving about 500 members to explore the crucial issues pertaining to the need and provision of this service. The overwhelming majority showed great interest in financial services that were Shariah compliant, particularly with regard to financing their mortgages. Shortly thereafter, we had a financial services meeting and decided to hire a consultant from Toronto to develop a business case for the project. Understanding the features of the framework took time, and we also had to find ways to address various constraints

imposed by the regulatory environment and our own banking system. Finally a framework was developed in consultation with an advisory board, before it was passed on the Fiqh Council for approval.

Q. Why did ACU undertake this venture after it was approached by the MIA? You could have politely declined the MIA's request as none of the major banks in the city provide that service.

A. Our decision to provide this service for the Muslim community in Winnipeg underscores ACU's commitment to providing financial services to under-served members of the community. Credit Unions were created to address the special needs of communities that require services that are either not provided by larger banks or cannot be easily accessed. It has always been a core principle of ACU to provide service to its members and the various communities its members are drawn from.

Q. Where can Muslims in the city get this service?

A. Currently, Islamic mortgage is only available at our branch located on 2659 Pembina Highway. This is the only branch that has Islamic mortgage specialists due to resource constraints. It will be a pilot project until May 2011, so as to give us the opportunity to learn more about this service and find ways to improve on it over time.

Q. What other financial products is the bank looking at exploring in the future for the Muslim community in Winnipeg?

A. We are currently doing some research on Shariah compliant financial products for the Muslim community. As you know, a lot of effort has gone into providing an Islamic mortgage product, so we still have a lot to learn in that regard. Future products will be geared towards addressing financial services on the deposit side.

Q. You are Vice President, Corporate Social Responsibility, what does it mean?

A. Corporate Social Responsibility for the social, economic and environmental impacts of its business and look for ways to benefit the community. Its core goals include fostering sustainable communities, reduce environmental footprint, supporting leaders in the community and providing support for members who want to be environmentally active. For example, we assist members who want to green their homes in various ways. We also provide support to community organizations like the West Broadway Development Corporation and the Spence Neighborhood Association.

Q. What are some of the initiatives you have undertaken in this regard?

A. Some of the more specific initiatives include those taken in support of impoverished inner city neighborhoods that have traditionally been neglected. For instance our Community Financial Services initiative in the North End of the city is looking at providing financial services to an area that has traditionally been under-served. We are looking at opening a branch in that part of the city and provide vital financial services to that community in the very near future. Also we have our Asset Building Program, geared towards capacity building for members of the community, particularly in impoverished inner city neighborhoods where we match their savings with funds to enable them to acquire assets and become empowered in various ways. We also provide support for businesses with a social and environmental purpose, also called Social Enterprises along with other socially and environmentally responsible initiatives.

Q. How practical is it to be socially and environmentally responsible in the light of the highly competitive environment you are in and making profit to keep you viable?

A. Businesses need to make profit; however, making money is not the most important goal. We want to attract people who want to work and stay here. We have found that a lot of people care about being socially and environmentally responsible and want to be part of organizations that provide good governance and socially responsible investments. We have found ways to use our core skills and expertise as a financial institution to address these needs while staying competitive and viable. In the end, it is not necessarily a matter of big versus small, but how you are organized, what your purpose is and how you pursue or undertake your business that counts. Being socially and environmentally responsible ultimately guarantees success as it fosters sustainable communities and businesses.

Q. Many businesses have been known to declare that they are good corporate citizens, but only pay lip service to the principles of Corporate Social Responsibility. How do you ensure that you are different?

A. For Corporate Social Responsibility to be effective, you need to walk the talk, by demonstrating your commitment to its principles. Through our board and governing policy, we have an oversight mechanism in place that we are constantly striving to improve. Although, we do not have Corporate Social Responsibility as an overarching policy, we have a community investment as well as an employment policy that are built around these principles. We provide transparency, accountability and external mechanism for them by reporting our performance in our annual report. Also through our related parties' transaction, we ensure that there are no special benefits to people because of who they are. It is clearly an area that requires constant work, and through effective monitoring and evaluation of the processes implemented towards those ends, we are able to stay true to the core principles of Corporate Social Responsibility.