THE CREDIT UNION MOVEMENT IN NIGERIA

NATIONAL ASSOCIATION OF COOPERATIVE CREDIT UNIONS OF NIGERIA (NACCUN)

(www.naccun.coop)

Godbless Safugha
PRESENTATION FLOW

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BRIEF HISTORY

• Cooperative thrift and credit societies are offshoot of the early cocoa farmers cooperatives which dates back to 1907 with the Agege Planters Union and the many farmers cooperatives that emerge from the boom of the 1920s to 1960s. The success of these early cooperatives won the recognition of the colonial government. First, was the report of the C. F. Strickland Commission, 1933, “The introduction of Cooperatives in Nigeria”. This was followed by the Promulgation of Cooperative Laws and Regulations, 1935 and 1936 respectively.
BRIEF HISTORY...

• With the appointment of the first Cooperative Registrar, E. F. Haig, 1936, cooperatives were encouraged to be properly registered. The Gbedun Cooperative, Produce and Marketing Society registered 1937. Cooperative Supply Association registered 1940. The early Thrift and Credit Cooperatives (Credit Unions) were those of Western and Eastern Regions of Nigeria. The Western Region formed their regional cooperative apex, Cooperative Unions of Western Nigeria (CUWN) 1937.
BRIEF HISTORY...

• The level of cooperative business of these early cooperatives necessitated the establishment of a Federal Cooperative College Eleiyele, Ibadan, 1943. (a similar school was also established later in the North). By 1952, there was the Cooperative Central Financing Agency. The first Cooperative Bank followed in 1953 at Ibadan.

Also established was the Cooperative Press (to print cooperative books and records).
BRIEF HISTORY...

• At independence in 1960, the Central Calabar Provincial Cooperative Bank had over eight hundred Primary societies and forty-one Unions. Lagos cooperative apex was registered in 1967. Today, its membership is over two million.

• NACCUN was formed in 1970; the first members were mainly from Western region. The creation of states in 1976 led to a split of the Cooperative Unions of Western Nigeria (CUWN). NACCUN was fully registered in 1978 as the National Cooperative Apex for all credit and savings societies in the country.
COOPERATIVES IN NIGERIA TODAY

• Incidentally, cooperative credit union despite its old age is not very popular in Nigeria. Only recently worker cooperatives started gaining ground among working class citizens, most of who find it difficult to save part of their salaries/wages for the rainy day.

• Hitherto, cooperative societies were thought to be associations meant only for farmers, small traders and other very low-income earners. This explains why quite a number of cooperative farmers are found in Nigeria.
COOPERATIVES IN NIGERIA TODAY...

• The problem is that many people including the government do not know much about credit unions, its mechanisms and role in economic development.

• We have Cooperative Financing Agencies/Leagues in all the states.

• At the bottom of the pyramid we have very strong primary Societies but unfortunately this does not translate into a strong national apex.

• Government still play a major role in cooperative development through intervention programmes.
OVERVIEW OF NACCUN

• The National Association of Co-operative Credit Unions was registered in 1978, with the responsibility of monitoring and coordinating the affairs of all Savings and Credit Cooperative unions in Nigeria and represents them internationally.

• However, the association went moribund in 2009, but in September 2012, the association was restructured and new set of leaders where elected, the association is fully in operations with its National Secretariat in Abuja.
Vision

To be the National Co-operative Organization for all Savings and Credit Co-operative Societies in Nigeria.
Mission

To be a leading provider of quality and diversified, supervisory, financial and technical services to all types of credit, agricultural, marketing, multipurpose societies/unions in Nigeria in accordance with cooperative principles.
Aims and Objectives

• Assist in the organization and promotion of Co-operative Thrift and Credit Societies in the whole Federation of Nigeria
• Mobilize funds for granting of loans to affiliate member co-operative societies throughout the Federal Republic of Nigeria
• Co-ordinate the activities of financing co-operative apexes in the states for the purpose of streamlining the lending and borrowing programme among the affiliates
• Assist in personnel development among thrift and credit work by conducting training programme in any part of the Federation
• Formation of Central Financing Facilities for the credit operations of credit organizations
• Organize risk management programmes for the protection of members’ loans and members’ life savings security/coverage
• Do other things incidental or conducive to achievement of the stated objects of the Association and ultimate improvement to living standards of the members.
Products and Services

- Promotion of Cooperative Savings & Loans
- Deposit/Loans Insurance Scheme
- Central Financing Facility
- Cooperative Shares Exchange:
- Capacity Building - Local and international
- Cooperative Enterprise Advisory Services
- Consultancy Services
- Cooperative Regulatory Services
Departments

• Department of Co-operative Shares Exchange.
• Department of Co-operative Pensions Administration.
• Financial Co-operative (Savings & Credit) Regulatory Services Department
• Department of Co-operative Insurance Fund.
• Treasury and Investment Department.
• Department of Central Financing Facility Administration (CFFA)
• Department of Consultancy Services.
Structures

• The Structure of the Cooperative Movement in Nigeria is in four tiers, the entry point is the primary society, individuals with common interest join the society on voluntary basis
• The next stage is at the local Government Level; Primary Societies with common interest form a Union
• The Unions Affiliate to the State Cooperative Financing Agency
• And all the Financing Agencies Affiliate to the National Association of Cooperative Credit Unions.
Level/Tiers of Cooperative Societies

1. National Apex
2. State Apex
3. Cooperative Credit Union
4. Primary Society
Structure Of Cooperative Society

- **Primary Society**: These are societies formed by individuals members. Every Society is expected to affiliate to a union or apex as the case may be.

- **Cooperative Credit Union**: These are Cooperatives Unions formed by registered Cooperative Societies that have a common interest. Every union is expected to affiliate to the apex organization.

- **State Apex (CFA)**: The State apex is the umbrella body of all Credit Cooperative Societies within a particular state. They are called “Cooperative Financing Agency” (CFA)

- **National Apex (NACCUN)**: The National apex (NACCUN) is the umbrella body of all the CFAs,
STATISTICS

• In 2002, Federal Ministry of Agriculture and Rural Development put the number of cooperative societies in Nigeria at fifty thousand and membership at five million. This number is more than double today.

• Lagos State cooperative apex alone has over two million cooperative members. Bauchi has over 1,000 viable Societies, Gombe 3,700, Abuja 2,000 Delta 1,000 all with large membership.
STATISTICS

• In 2012, the Federal Government through the office of the Federal Department of Cooperative conducted a statistical survey of all registered and functional societies but we are yet to receive the result till date.

• Presently the Central Bank of Nigeria is collating cooperative data from around the country, hopefully, we will have more accurate data.

• The Rural Finance Institute Building Programme (RUFIN) is an IFAD/FGN sponsored project to development rural finance through the Cooperative Societies, they are currently working in 12 states.
VOCATIONAL EDUCATION

• In Nigeria, the government is driving area of vocational training, but the Cooperative movement need to do more in this regard. We have several government agencies providing vocational training for Cooperatives and SMEs
• Small Medium Enterprise Development Agency of Nigeria (SMEDAN) is providing vocational training to cooperatives, they have a strong partnership with the Rural Finance Institute Building Programme (RUFIN) and National Poverty Eradication Programme (NAPEP) to provide training and credit
Vocational Education

• Also the National Directorate of Employment is providing vocational training to youths and women cooperators, recently about 500 cooperators (women) were trained in the area of fishery in Abuja.
• State Cooperative Apexes also organize trainings their members on regular basis
• NACCUN in collaboration with the office of the Federal Director of Cooperative is currently identifying training needs for Credit Unions/State Cooperative Financing Agencies.
CHALLENGES

• Lack of cooperation among cooperatives
• Lack of Cooperative Education
• Lack of adequate working capital
• Bad leadership and succession problems characterized by mismanagement
• Lack of modern business techniques and viability to compete
• Bad record keeping and shortage of supervisory staff
• Inadequate capital base to cope with the need of members
• Proliferation of fake/portfolio cooperative societies which results from lack of coordination of activities.
CHALLENGES...

• Government inconsistency on supervision
• Widespread illiteracy and mass ignorance of the societies
• Out dated cooperative laws
• Lack of Cooperative Data
• Lack of adequate technology
• Government interference and manipulation of cooperative programmes in government policies
• The ambiguous role of government on cooperative societies
WAY FORWARD

• Develop a Regulatory Framework for CU
• Publicity/Sensitization
• Capacity Building
• Deposit Insurance
• Cooperative Shares Exchange
• Use of Technology in cooperative activities
  – Banking application software for cooperatives
  – Agent Banking and Mobile Money
  – Listing of all Thrift and Credit Societies on our website
CONCLUSION

• In Nigeria Cooperatives continue to be an important means often the only ones available where by the poor as well as those better off but at perpetual risk of becoming poor due to lose of job, business failure or other form of misfortunes, have been able to achieve economic security and an acceptable standard of living and quality of life.

• With some institutional mentoring and support, the Nigerian Cooperative Movement will become one of the strongest in Africa.