

## **Member FAQs**

**Updated: December 15, 2018**

The Boards of Directors and senior leaders of Columbia Valley, East Kootenay Community, Grand Forks, Heritage, Kootenay Savings and Nelson & District Credit Unions are exploring the possibility of building one stronger, united credit union.

It's been an exciting opportunity to see what credit unions in the Boundary, Kootenay and Columbia Valley regions could do better, together. What we create must be in the best interests of our most important assets; our members, employees and communities.

Our Boards and senior leadership teams are committed to sharing our progress as we explore this possibility. Below we answer some of the questions you may have about this effort.

### **Q) Why are we considering combining these six credit unions?**

**A)** These six credit unions have been working together for many years and are very familiar with each other. We have partnered on projects and are jointly involved in subsidiaries for things like insurance and wealth management. With the rapid pace of change in our industry, we saw opportunities to share resources and expertise across the region to provide enhanced services to members, while improving our long-term financial sustainability.

### **Q) Why not just continue with the current alliance and partnerships?**

**A)** Our partnerships have served our six credit unions well. The question, "What if we combine all six operations?" was the next logical step in our collaboration. The Boards of Directors for the six credit unions see the potential of such an initiative and believe it is our responsibility to explore this opportunity on behalf of our members and employees.

### **Q) How would combining operations benefit members?**

**A)** We have developed an extensive business case which aims to identify and define the potential benefits to members, employees and our communities. A review of the business case is expected to be completed by early 2019, at which time it will be clear what benefits exist for members and all stakeholders.

**Q) Has a decision already been made?**

**A)** This is an exploration process. No decision has been made. We are exploring the idea of building one stronger, unified credit union. We are completing a very thorough due diligence process, from which a comprehensive business case has been built for all six Boards of Directors to consider. After the business case has been reviewed and if the Boards believe it's in everyone's best interests to proceed, we will apply for consent from the provincial regulator. Should the provincial regulator give us this consent, you - the members - will make the final decision on this opportunity in a membership vote.

**Q) What is the timeline?**

**A)** We expect to have the business case finalized by early 2019, and if the Boards are in favor of further pursuing this initiative, we expect to begin in-depth member consultation and engagement later in 2019. This is a very dynamic process with changing timelines, however we promise to update members on next steps as soon as they can be better defined.

**Q) Does the new credit union require support from all six credit unions to proceed?**

**A)** The scenario we are examining is one that has support from all six partners. However, it is possible to move forward with less than six partners in support. Should one or more partners opt out, the current business case will be revised to reflect only those in support of combining our operations, and the remaining partners will re-evaluate their position based on the revised information.

**Q) What will happen to the employees?**

**A)** One of the principles adopted by the six Boards of Directors is that any combined new credit union must have the capacity to employ all of our current employees. The business case that is underway will confirm how we make this happen.

**Q) Which credit unions are involved in these discussions?**

**A)** The six partners are:

1. Columbia Valley Credit Union
2. East Kootenay Community Credit Union
3. Grand Forks Credit Union
4. Heritage Credit Union
5. Kootenay Savings Credit Union
6. Nelson & District Credit Union

**Q) How will my credit union keep its representation?**

**A)** The proposed rules of a new credit union, which will be recommended to the membership for approval, would include three seats on the new Board of Directors for each of the current credit unions participating. Changing the Rules of the credit union in the future will only happen if approved by a two-thirds majority of the voting members.

**Q) What happens if we don't combine operations?**

**A)** This initiative focusses on how a collaborative partnership could create competitive advantages. No matter the outcome, all six credit unions will remain partners and neighbours in support of each other.

The boards have identified the challenges facing credit unions and other financial services organizations today, and agree it will become increasingly difficult to succeed with a traditional approach. While combining our operations may or may not be the answer, it is well understood that all credit unions are facing the pressure to evolve and change.

The Boards of Directors for the partnering credit unions will confirm if they are a part of this initiative only if each Board decides this direction is in the best interests of their members and employees, and the best option for long-term sustainability. If the Board of any one credit union sees its continued independence as more beneficial, then that credit union will continue to operate as it is today.

**Q) Why is combining operations necessary? Can't we gain the same benefits through collaboration?**

**A)** While the six credit unions are operating efficiently today and have made the most out of existing partnerships, we recognize we duplicate many processes and efforts. With changes in technology and the need to provide better products and services to our members, we think this could be an opportunity to be nimbler and more responsive.

**Q) Have any Credit Unions left this conversation so far?**

**A)** The original discussions involved seven credit unions. Since then, the Board of Directors from Creston and District Credit Union have removed themselves from the project. We now have six credit unions exploring the opportunity of building a new, united credit union.

Our six credit unions will continue to work with Creston on various partnerships that already exist.

**Q) Where can I find more information?**

**A)** Visit your credit union's website or [www.exploringstrengthandunity.ca](http://www.exploringstrengthandunity.ca) for updates.