CANADIAN CENTRE FOR THE STUDY OF CO-OPERATIVES (CCSC)

There's No Escape from Cooperation: The Future of Small Credit Unions

Author(s): **Dr. Marc-André Pigeon,** Director and Strategic Research Fellow, Canadian Centre for the Study of Co-operatives and Assistant Professor, Johnson-Shoyama Graduate School of Public Policy, University of Saskatchewan

Dr. Dionne Pohler
Lipsky Professor in Dispute Resolution, Cornell University and
Research Fellow, Canadian Centre for the Study of Co-operatives

Date: **January 2026**

Canadian Centre for the Study of Co-operatives
101 Diefenbaker Place
University of Saskatchewan
Saskatoon SK Canada S7N 5B8
Treaty 6 Territory and Homeland of the Métis
t: (306) 966-8509
e: coop.studies@usask.ca
w: http://www.usaskstudies.coop

Table of Contents

Introduction

What is the future of small credit unions? This was the question that animated a research project we recently undertook at the Canadian Centre for the Study of Co-operatives.

Since their peak of more than 3,200 credit unions in 1966, there have been several waves of mergers, often between similarly sized credit unions, as well as acquisitions and takeovers of smaller credit unions by larger ones. Most credit union leaders that we spoke to during this project had been previously involved in a merger, were actively considering or in the midst of implementing one, or otherwise viewed mergers as inevitable.

In the past, mergers were normally used to ensure stability of the system by absorbing credit unions that were in dire financial straits. Today, mergers may still occur for those reasons, but the merger conversation is more proactive and strategic. Leaders repeatedly told us that merger conversations were driven by challenges recruiting and retaining leaders and employees, rising technology costs, cybersecurity risks, margin compression, and challenges providing commercial members with the loans they need because of limited capital and capacity.

In exploring the small credit union sustainability and merger questions with our interviewees, we also asked credit union leaders: is there another way? We found that some credit union leaders were skeptical that mergers achieved the purported efficiencies and strongly believed that small credit unions can be as, or more, financially viable than large credit unions. Other leaders worried that mergers undermine a credit union's purpose. And some leaders believed that credit unions are trying to solve the wrong problem in an industry facing rapid and fundamental structural changes in the business model of retail banking. Leaders of these credit unions have adopted different strategies for dealing with similar pressures, sometimes concurrently with, and sometimes instead of, mergers.

However, even credit union leaders who are more optimistic about the survival and independence of their credit unions without future mergers were pessimistic about the ability of credit unions to cooperate to overcome their shared challenges. Several leaders also noted members' shifting expectations and views that financial services are a commodity, and voiced beliefs that younger members do not care about co-operative values and principles.

In this report, we document what we heard from executive leaders of small credit unions about the challenges facing their credit union, as well as the strategies they are adopting to position their credit union for success, including mergers as well as alternative paths. Based on these conversations and our understanding of co-operatives, we propose that if there is an existential threat facing small credit unions, it is not primarily related to human resources, technology, cybersecurity risks, regulatory challenges, or even mergers. The fundamental threat is an increasingly pervasive belief among leaders, and perhaps also members, that cooperation itself has become a problem, rather than a solution to viability.

With few exceptions, most of the strategies proposed by credit union leaders, whether mergers or otherwise, can be described as attempts to bypass the perceived difficulty of cooperation. Yet, as we will highlight, there is no way to escape the need to co-operate. Rather, the question that needs to be asked is *who* credit unions will choose to cooperate with and how, rather than if or when. Confronting this reality will, we argue, require courageous conversations both among leaders of different credit unions, as well as with their members, about whether they ultimately care that their financial institution is, and remains, a co-operative.

Research Design and Methods

Appendix A outlines in more detail our data and research methods. Here we draw attention to two features of our research design: our efforts to address research bias and to define a 'small' credit union.

Addressing Bias: Sampling and Interview Techniques

When we began this research process, there was a seemingly pervasive belief that the credit union system was beset with a cluster of "zombie credit unions," alive in name only, their future demise a near certainty, their risk to the broader system under-appreciated.

At that time, we shared the general view that small credit unions might seem fine now but would, eventually, succumb to merger or wind-up pressures, overwhelmed by rising regulatory, technology, and human resource costs, increasing cybersecurity risks, fierce competition made even more fierce by the looming adoption of open banking practices, shrinking net interest margin, and an aging membership base more inclined to save than to borrow. From a research perspective, this belief posed a challenge. Unless we were careful, it could quite easily bias our approach to gathering and interpreting the evidence. We refer to this as our initial zombie hypothesis/bias, and we addressed it in four ways.

First, we decided that we would focus our initial data gathering through interviews, by talking to small credit union leaders about how they thought about their future viability. We would explore the financial data following these interviews.

Second, wherever possible we arranged for our interviews to occur at the physical premises of the credit union. We wanted to experience the space and life of small credit unions, their leadership and staff, their members, and their communities. To achieve this objective, we focused our attention on small western Canadian credit unions, travelling to meet leaders in three of the four western provinces. For logistical and cost reasons, we did not travel to British Columbia but did conduct several virtual interviews with credit union leaders from that province. In all, we interviewed 14 credit union leaders and three close credit union observers, augmented by a dozen or more informal conversations with other leaders and experts on the credit union system who were not formal research subjects, but who provided more details around historic and contemporary realities facing the sector. While we had identified many more formal interviewees, we ended the interview process after we began to hear repeated themes, a situation described as 'saturation' in the scholarly literature.

Third, we framed the zombie hypothesis in the form of a question. Rather than pre-framing our hypothesis, we first asked respondents how they perceived the risks posed by the litany of threats that ground the dominant narrative (see Appendix A for our semi-structured interview guide).

Finally, we confronted the zombie bias by starting each conversation with a simple question: tell us a bit about your journey into your current role? Everyone has a story to tell about their lives and in each case, the journeys of credit union leaders were compelling, interesting, rich, informative and heart-warming. This approach also helped contextualize and humanize the abstractions embedded in the zombie bias, suspending it for the moment and then holding it in tension with what we were hearing, which in many cases opposed our initial hypothesis.

It is important to also note that all the leaders we spoke to operated quite profitable and well-capitalized credit unions. Our selection of these small credit unions occurred by chance rather than intentional design, as we did not access financial data prior to selecting our subject credit unions. Our selection was based primarily on our general knowledge of which credit unions are considered 'large' vs. 'small' and other indicators of size such as geographic scope or number of branches. It is possible that the selection of successful small credit unions could have over-exposed us to small credit unions that were more likely than others to believe they could remain independent and viable. Alternatively, and as the financial evidence will show, the remaining small credit unions may also be more financially viable than we initially thought.

Definition of a Small Credit Union

A major research design challenge was to confront the vexing matter of what constitutes a 'small' credit union, something often asked of us when engaged in conversation about our topic. The question implies there is some bright line that separates the small and large, or the zombies from financially viable credit unions. As we set out to identify interviewees, we began with the idea that we would define 'small' as roughly $2.5 billion in assets or less, a number we had heard used informally. We learned, however, that respondents interpreted 'small' differently, with leaders at some of the smallest credit unions framing $1 billion as the critical threshold, but also noting that the line had travelled over the years, from $100 million, then $250 million, then $500 million and so on. Interestingly, several of our respondents told us they viewed the line as the asset size where credit union leaders were no longer interested or motivated to cooperate with other small credit unions. In the end, the credit unions we included in this study ranged from approximately $100 million to $2 billion in assets.

The 'what is small' question raises a related, more philosophical concern: by asking about the future of small credit unions, we implicitly assumed that small credit unions are now on their own and no longer part of a larger collective. The question also unintentionally embeds an assumption that scale can only be achieved within a credit union by growing its balance sheet, instead of scaling across through cooperation.

As we got further into the process, we began to wonder whether the better research question might be: "why are credit unions seemingly unable to work together to obtain the scale they collectively need?" Until the 1980s, the idea of achieving 'scale across' through collective action as a way of thinking was widely perceived as *the* path to scale; asking about the viability of a small, profitable credit union would have been difficult to contemplate and the zombie narrative would have been repugnant, or at least at odds with a co-operative movement logic anchored in co-operative values and principles, most notably values of solidary and cooperation amongst co-operatives. We will return to this point in the discussion later.

Contextual Background

Appendix B provides more detail on the historical and policy context that led to the development of credit unions in Canada, exploring the factors that facilitated their financial success, as well as the sector's rapid growth and proliferation to a peak of more than 3200 credit unions in 1966. Appendix B also includes background on the merging of the provincial centrals. In this main section, we focus primarily on the last quarter century (since the year 2000), highlighting how contemporary merger waves have reshaped the credit union sector. We also provide some comparison financial data on small and large credit unions.

Merger Waves: The Data Picture

The steep decline from more than 3200 credit unions in 1966 to fewer than 170 today outside Quebec (see Appendix B) suggests that while the zombie narrative is new, the merger trend is not.

In fact, by one measure, the recent merger trend is unremarkable. Figure 1 depicts year-over-year percentage changes in the number of credit unions as a share of the total number of credit unions. It is a rough but imperfect measure of merger activity because shifting credit union counts can result from mergers or wind-ups. With that caveat in mind, the chart shows that by historical standards, the recent merger trend is modest and even lower than during the peak years of 2001 (9.5%), 2010 (10.3%), 2016 (12.9%), and 2018 (9.6%).

Figure 1: Reduction in Number of Credit Unions due to Mergers – 2000-2024

And yet, our interviews and the presence of the zombie narrative suggest that something fundamental *has* shifted. Figure 2 provides one visualization that may capture that change, showing that in 2024 and 2025, 'acquired' credit unions represented almost 4% of system assets compared with 2.5% or less in the preceding years back to 2018.

Figure 3 provides another perspective on the idea that something fundamental has changed in the credit union landscape. It shows the ratio of assets held by each provincial central relative to the largest credit union in the relevant jurisdiction. It shows a clear trend towards a shifting of system assets away from centrals and towards the largest credit unions.

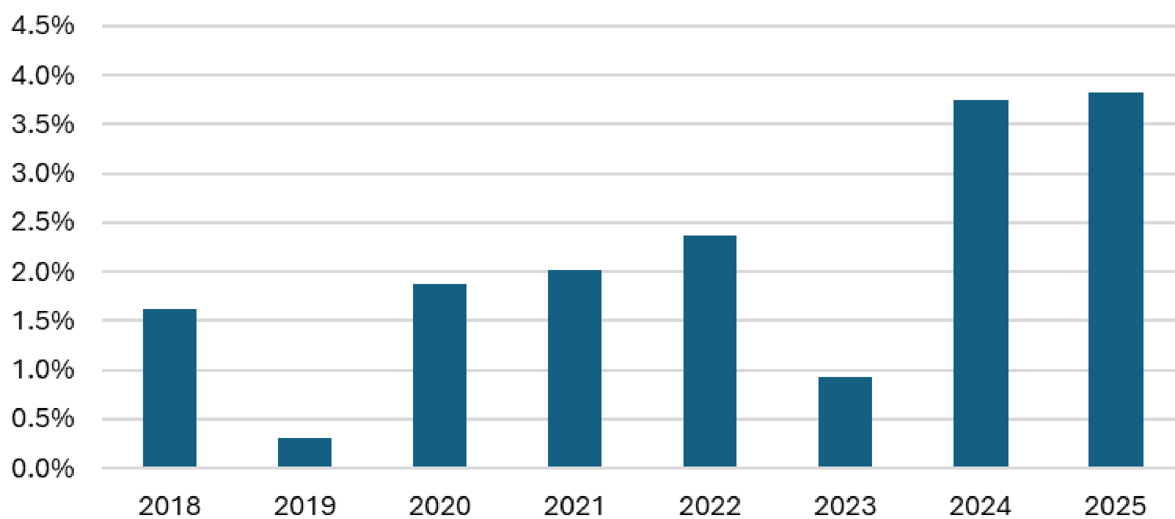

Figure 2: Acquired Assets as a percentage of System Assets

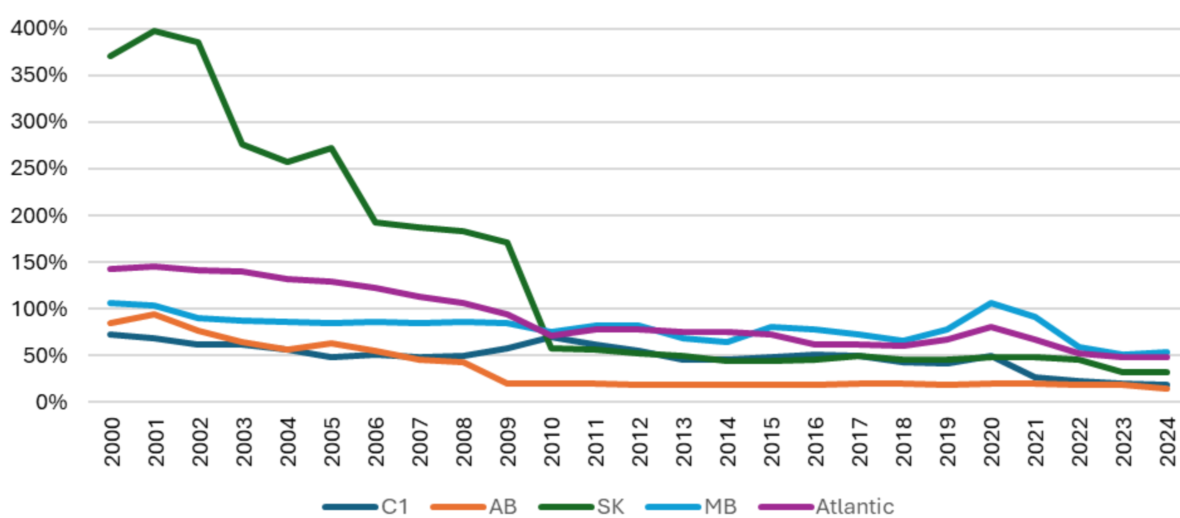

Figure 3: Ratio of Central Assets to Top Regional Credit Unions, 2000-2024

Financial Performance of Small Credit Unions

While rarely discussed publicly, it is well understood in the credit union system that regulators have also exerted some influence on the credit union merger trend, either by talking about the need for more mergers or by compelling mergers of weak credit unions into stronger ones. To avoid having their fate dictated by the regulator, credit unions that are struggling financially or anticipate that they may struggle in the future may also pursue mergers.

This begs the question: how well are small credit unions doing, financially speaking, and might this explain some of the observed merger trends, at least among the smaller credit unions? Figures 4 –6 provide three different visualizations to help answer this question. Each plots the average value of the indicated metric (return on assets, efficiency, and leverage) over the period 2018 to 2024 by asset size. While there is more variation among small credit unions, they perform, on average, as well if not slightly better than their larger peers in terms of return on assets and efficiency, and with lower leverage ratios. Next, we turn to our interview data, where we hear from leaders of small credit unions about the challenges they are facing, but also how they are seeking to address those challenges.

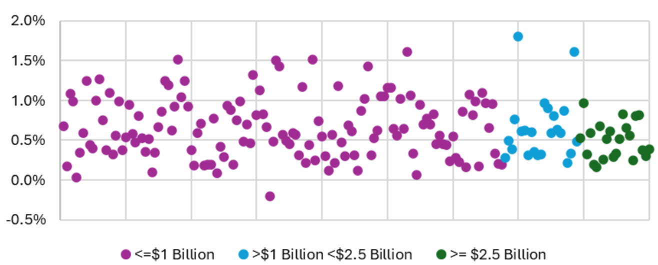

Figure 4: Average Return on Assets by Credit Union Size (2018-2024)

Figure 5: Average Efficiency by Credit Union Size (2018-2024)

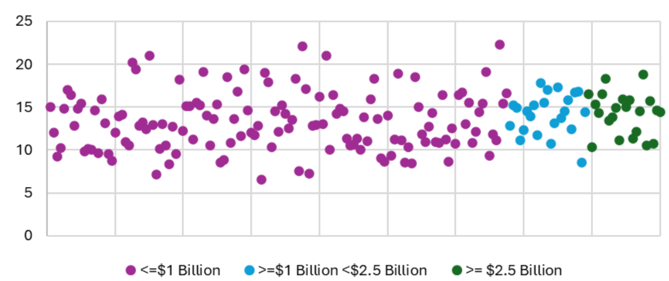

Figure 6: Average Leverage Ratio by Credit Union Size (2018-2024)

Contemporary Challenges Facing Credit Unions

Demographic Shifts, Urbanization and Consolidation of Agriculture

Given that our focus in this project was on small credit unions in western Canada, it is perhaps unsurprising that many credit unions we visited had a focus on serving smaller, rural, agricultural-based communities, particularly in the three Prairie provinces. In fact, all but one of the credit unions were headquartered in villages, towns or small cities with populations ranging from around 500-50,000; the one exception had carefully cultivated a market niche in a larger urban centre that in some ways replicated the sense of community found in smaller population centres. All participating credit unions had between 1-16 branch locations, member numbers ranging from around 1,500 to just over 40,000, and assets ranging from approximately $100 million to $2.1 billion.

Almost all our interviewees pointed to challenges related to shifting demographics, most commonly an aging membership that often resides in rural communities with shrinking populations.

Many leaders perceive their credit unions are providing important services to people who live in rural areas, which often factors into their decisions to keep branches open, even after all other financial institutions have left, and even following mergers. Indeed, one rural-based credit union we visited that has grown both organically as well as through mergers, said that “We’re alright being the last business to turn off their lights in a community” and noted that a core part of their brand and strategy was to avoid mergers with large urban credit unions so they can maintain a presence in rural communities:

> “…Rather than [like other small credit unions] becom[ing] another [large CU] branch, and then ten years down the road they get closed…We want to be a rural option…I care about the $2 million we can grow in [small village] because what’s that doing for the community?”

However, even this CEO acknowledged that it is entirely possible that some of their branches may close in the future. Several of our interviewees were in the process of undertaking or considering a merger, and reducing branch overhead costs was often cited as an efficiency-based rationale for the merger. Others have reduced the days/hours that rural branches are open, and their staff work across different locations.

On the other hand, several small communities we visited have or are experiencing a kind of revival. The main street in some of the small towns were particularly vibrant. The CEOs of these small credit unions believed that their credit union has played an important role in this process because of their commitment to their community, including the fact that their profits stay local:

> “You know we made $xx million last year…we are a small business located in [town] on Main Street. I’m going to put $xx million in your pocket every year…So if you could put $xx million bucks in your pocket every single year, do you want a business like that? I can give it to you. I’m not the Royal Bank. I’m not supposed to be. I am a business on Main Street in rural [province].”

There has been a major consolidation in agriculture that has impacted many of the credit unions we visited. One CEO of a rural-based credit union somewhat surprisingly indicated to us that they do not do much agricultural business:

> "Part of the reason is…massive consolidation of farming units….it wasn't too long ago we had 165,000 farmers and now we have what, 54,000? The system benefits the big, not the small…we have about 6 massive landholders around here, just massive. We don't deal with them and nor would we necessarily want to."

A challenge related to the consolidation of agriculture that other credit unions have faced is difficulty servicing their members' farms which have grown quite large and require major loans that are beyond the ability of the local credit union to provide. In discussing reasons for prior and upcoming mergers that one credit union was involved in, the CEO highlighted the importance of rural-based credit unions being able to do the "big ag" lending, and how strategic mergers could help facilitate this:

> "I mean combines are $1.2 million now…Well, now we can do [that] size of business. We look for growth opportunities in the mergers that we partner with…there's some large farms down there that [another small credit union] just haven't been able to deal with and hopefully we'll be able to win some of that business [through merging]."

Credit union leaders told us that one of the major challenges with the shifting demographics of their communities is that growth opportunities, at least with regard to membership numbers, are more limited, and the aging demographic means that it will be difficult to replace these members with new and younger members over time. The loss of older members is also problematic because they are perceived to be from a generation that grew up in a more collective time and place which fostered co-operative values and loyalty to the credit union. As one CEO bluntly told us, consumers today ultimately care about price and they won't necessarily pay more just because it is a credit union:

> "If we went back to the roots, what actually brought people to and maintained our loyalty to the credit unions, those people are getting older or are not even here anymore. And these next generations, they have no understanding or affinity to it."

Recruitment, Retention, and Succession Planning

Leaders reported that their credit unions have loyal and long-serving employees with one credit union even noting "it has been probably 20 years or 25 years since we've had anybody leave for a different job". The low level of turnover suggests that smaller credit unions provide good jobs in their communities, and employee stability can help build member relations and preserve institutional memory.

However, some credit union leaders also indicated that it may not be good when people stay in the same role for too long, particularly at more senior levels, and if the board has not ensured that there is a good succession plan in place. There is a perception among some credit union leaders that mergers often happen when a CEO is near retirement – long-term CEOs can lose the "motivation to build something" and then drive a "flurry of mergers" that may not be the best decision for their credit unions.

Most CEOs noted that their positive employee culture was a major strategic asset for their credit union.

> "We're probably the number one place to go…we provide all the benefits, the flex, good pay, good working place. Interesting jobs."

One CEO spends 90 minutes with every newly hired employee, talking about the differences between a credit union and a bank and about the credit union system, but acknowledges that this practice will become more difficult as they continue to grow through mergers.

Most of the credit union leaders we interviewed indicated that one of the biggest challenges facing their credit union was recruiting and retaining employees, especially in professional and more specialized technical roles:

> "So those specialized positions, we have a hard time filling, trying to get people to move to [[our community]]. The remote work has helped a little bit…like we're looking for a data analyst, how many in [[our community]]? Nothing. So those kind are hard. There has been some turnover, maybe more on the front line, but we are able to fill those positions."

CEOs perceived the recruitment and retention challenge as directly linked to the shifting demographics of rural communities outlined earlier. Specifically, they struggle with losing skilled employees to urban centers. CEOs acknowledge that it is difficult to attract people from the cities to live in small towns – they may face difficulties integrating into a place where the perception is that people have known each other forever. Some credit union leaders are allowing employees to live elsewhere and work remotely, which was viewed by some leaders as a necessity, rather than the ideal. Others are working to attract new immigrants, especially tech workers, from places like the Philippines and India. Housing can be a problem, and one credit union owns several houses in the community for staff. One younger credit union CEO acknowledged the challenges: "…I also haven't found somebody to hang out [with] here either. But I always say I'm living the dream. I just don't know whose it is. If it's mine."

On the other hand, some credit union leaders claimed that they were having success in hiring people from major cities who were moving to rural areas, and even across provinces. In fact, some of our rural credit union CEO interviewees were relatively new to small town living, choosing to move from a major city to the rural community in part because of the attraction to an interesting opportunity and in part because of the appeal of rural life. One CEO joked that "I guess you could say that I was a city slicker.…" and later noted "It just didn't interest us, right, to raise a family in one of those cities. We were just really enjoying the rural environment and raising kids in the smaller community." Yet other credit union leaders we interviewed came from rural backgrounds themselves, with several having returned to a rural area after pursuing a degree or other opportunities in "the city". There was also a sense that CEOs understood that their members would not appreciate it if the CEO was living in the city and would not commit to being part of the community.

Importantly, most, though not all, of the credit union leaders we spoke to had early socialization into co-operatives and credit unions, even if they were raised in urban centers, which could explain part of their dedication to the credit union:

> "You know, I've been a member of a credit union since I was eight years old. My grandmother took me into the church hall, and we had our little deposit book…I don't want to be too kind of hokey about me really getting back to my roots and the values that I grew up with around cooperation…These are the stories that I grew up with. These are the histories of the city that I grew up in and it meant a lot to me."

One of the downsides identified by CEO leaders was that the small size of their organization makes it difficult to provide internal opportunities for employee growth and development through transfers or promotions into more challenging and senior roles. One CEO noted that having a viable internal career path is critical for retention:

> "If you can show somebody that you're going to treat them very well, you're going to show them that they have a future with us, and that you can show them some career planning path…And people tell people. You know, if it's a good place to work, it gets out there, and if it's not, it gets out there."

One CEO indicated that they stayed in the rural community and with the credit union precisely because of the opportunity to advance within: "I was very lucky with this organization because they had a very strong succession plan. I knew I was getting this position seven years ago already."

Several older CEOs indicated that they had come into the system at a time when they were able to move around to different credit unions to develop skills and competencies needed for increasingly higher-level roles, which enabled them to pursue personal growth and development opportunities. Some who had benefited from this experience lamented that the credit union system no longer works together to develop pipelines of talented leaders and provide those promotion opportunities within the system.

Several CEOs nearing retirement spoke with some concern about what would happen to the credit union after they left. They had observed other credit unions that struggled to recruit people into the role after losing their CEO, and some credit unions had no clear succession plan. The challenges we heard about recruiting and retaining employees and CEO succession were also some of the most common reasons given for mergers already in the works or being considered.

Technology

Our interviewees expressed varying degrees of concern about the pace of technological change and what it meant for the future of their smaller credit unions. Some believed they could not keep up with the rising costs of technology and would need to merge; others felt like they would get by but acknowledged that it would be a challenge. Almost everyone lamented the inability of the credit union system to solve pressing technology issues collectively, like they used to. In this respect, respondents, particularly those from the Prairie Provinces, identified two major pain points, the Prairie Payments Joint Venture (PPJV), and banking platform provider Celero. We discuss each in turn.

PPJV

Almost universally, participants from the three prairie provinces expressed consternation over the rise and struggles of the Prairie Payments Joint Venture (PPJV). To our knowledge, there are no publicly-available written accounts of what has transpired with PPJV, but from our interviews we know that PPJV was incorporated around 2018 after credit unions failed to reach agreement on the creation of what was known as PayCo, an entity that would have gathered credit union payments-related functions in one place and operated as a system utility providing payment services ranging from clearing and settlement and foreign exchange to debit and credit card services. The attempted creation of PayCo (and subsequent creation of PPJV) took place against the backdrop of an effort by policymakers to modernize payments systems, leveraging new digital technology.

While there is considerable hearsay about why PayCo failed to materialize, we do know that a critical mass of credit union leaders from the three prairie provinces were sufficiently displeased about its demise that they pursued the creation of their own payments entity, PPJV. From there, details are fuzzy. At a credit union conference in Vancouver, a former PPJV CEO shared that the company's progenitors expected the entity, developed by IBM, would be up and running within 15 months (by 2020), costing $45 million and offering five payment services (e-transfers, automated fund transfers (ATS), wires, cheques, and bill pay). We learned from interviewees and other conversations with credit union leaders that by 2025, PPJV's costs had ballooned to between $200-$300 million, it was not making money, and the Prairie Centrals had decided to write-off the initial investments and were contemplating winding down the business once its long-term contracts expired.

While it is difficult for outsiders to know exactly what went wrong with PPJV, our study participants were unequivocal in their assessment that PPJV had proven a failure, with attendant consequences such as escalating per transaction fees, wasted dollars, and loss of trust amongst credit unions landing particularly hard on smaller credit unions. One CEO said: "What occurred is a colossal failure." Another respondent echoed this blunt assessment, suggesting that a need for autonomy drove the decision:

> "It is a big error. A big loss of money. A big mistake. I don't have anything positive to say…It started out bad at the beginning…[Payco] would have been the answer – create one across the country – but that fell apart and well, no, we need to go our own way."

A lot of, but not all, smaller Prairie credit unions followed because, according to one CEO:

> "It's that co-operative principle. We want to go as a system because that's how we're going to survive. Unfortunately, we keep segregating ourselves – half went to Express, half went to Forge. At some point, we've got to agree on stuff and start doing the same things."

But why form PPJV and leave Central1 after the demise of Payco? "Egos. And that's the big problem in the credit union system." One respondent elaborated on this point:

> "There was no governance. There was no conversation over, well, who is going to lead this and what [are] the reporting mechanisms? …Too many people when they come together to make decisions they can't get their head through the door. They get bogged down in 'I'm big and I know and what's in it for me and how am I going to take an angle on this' and it destroys everything.…There is no trust. The trust is lost in the system."

Picking up on that theme, another CEO said that a big part of the problem at PPJV has been that:

> "…the wrong people (are) at the table.… CEOs don't know everything. So again if you put a CEO at the table, they are not the guys that sometimes need to know all this other stuff. It's about balance, right. You need probably a CEO from a visionary perspective but you need sometimes your front-line people who know this stuff and they can foresee where there is going to be a problem. We always talk about the spaghetti mess behind the scenes and those people know that."

To provide an example of a "spaghetti mess," one leader pointed to the challenge of adapting banking systems to longer (11 or more digits) bank account numbers while respecting legacy (4 digit) accounts that still show up on old member cheques. Credit unions have developed workarounds for these challenges but these can pose almost intractable problems for efforts like PPJV that need to interface with these “spaghetti” situations, especially when multiplied over dozens of credit unions. Senior leaders, particularly those with a visionary bent, are seldom aware of these challenges.

In a similar vein, another CEO expressed some frustration that service providers like PPJV do not always understand how delicate these matters can be. “So we’re redoing the whole payments process and I said this has to work because when it doesn’t, they don’t phone you, they phone us…They’re not phoning you on the weekend.” Another leader went on to describe a situation where a member’s credit card was credited twice for a single debit to the member’s account. The credit card company refused to unwind the second credit, leading to an awkward conversation with the member where the leader had to explain to them that they had to come up with the money: “Do you know how uncomfortable a conversation that was?”

Even respondents who were sympathetic to those who made the decision to create PPJV expressed frustration. One respondent noted for example that, while grateful for the work that their large credit union counterparts were carrying out on behalf of smaller credit unions, PPJV still left a bitter taste:

> “I am frustrated with the PPJV thing simply because I thought we would have learned from the Celero lesson….I was not at a table so I put trust in those people so I am surprised and disappointed with the contracts that we’ve gotten ourselves committed to in that whole thing and some of the people we hired to try to manage it and everything…”

Celero

Respondents often linked conversations about PPJV to the fate of a banking platform service provider called Celero which, until mid-2024, was owned by the same three prairie centrals that own PPJV. One CEO expressed deep skepticism about the ability of credit unions to own and run these technology companies successfully, pointing to Celero (which this CEO’s credit union was using until recently) as:

> “…another credit union system owned asset where you have involvement from three Centrals to try and fund through a joint venture agreement on a technology company because we believe by creating our own that somehow we’re going to get a deal and we can influence the areas where we’re going to make investments, etc., etc. And that’s not our space. We’re a savings and loan company. That’s what we are.”

Another CEO similarly expressed frustration about Celero, (also used by this credit union) but attributed part of the problem with its demise to governance issues at the Centrals:

> “The Prairie centrals started Celero …in the early 2000s. They started it, made the decisions, SaskCentral’s board made the decisions, but they were controlled by the large credit unions. So [the large credit unions] get it going but then they start pulling out, they do something else so it comes to the point where if Celero makes money, they get a share of it. If they lose money, we [all] have to pay. They go back on their decisions. They go somewhere else…That’s the frustrating thing.”

While large credit unions played an important role in the formation of Celero, some smaller credit unions were also active participants. One CEO active in the formation of Celero recognized, however, that "my partners aren't as willing to make investments as I am" and this put the business at risk.

The credit union centrals sold Celero to CGI, which describes itself as "one of the largest independent IT and business consulting services firms in the world." While respondents did not share much information on the nature of the transaction, there were strong suggestions that CGI was able to pick up Celero at a low cost, suggesting that it was another victim of the credit union system's struggles with cooperation. Just ahead of news of the sale, one CEO told us there is "no future [for Celero]. That's a system owned entity which in my opinion now is becoming worthless."

Setting aside the Celero case, several participants expressed concern about the shifting banking system / technology landscape. Competing banking platforms make it difficult, for example, for credit unions to collaborate on technology matters: different platforms mean different operational realities which means fewer things in common on which to build relationships. Even where small credit unions might prefer to pool purchasing power and negotiate collectively for a better deal with a provider, different contracts with different time horizons make it difficult to align.

Balance of Power: Central Dismemberment

If Centrals played an important role in helping credit unions compete through a 'scaling across' logic during their formative decades, the gradual dismemberment of centrals appears to be contributing to a 'scaling up' logic, primarily through mergers.

After discussing the failures of PayCo, PPJV, Celero, and Central 1's Forge banking platform, one CEO described the recent merger trend as just another form of cooperation, replacing the old credit union and central relationship: "more than not, credit unions have come to believe that the only effective form of collaboration is merger, right?"

While many small credit union participants lamented the diminished role of the system and the centrals, particularly in the realm of human resources, some suggested that things were heading in the right direction. Centrals, they argue, had strayed too far from their core functions. They should have continued to operate as utilities, offering basic services and not taking on new lines or pursuing own-source profits by providing services to third parties that sometimes compete with credit unions. One CEO of a credit union that early on decided not to sign on with PPJV described their perception of the function that centrals used to play this way:

> "It worked, okay, but it worked without someone feeling that 'I'm going to make a profit over somebody else'. It was a pure utility. It wasn't an income-generating thing where we felt that well, we can get the Laurentian Bank on here, we can put some more other revenue [in there]. We've lost our way that way."

The same respondent noted that even as this was taking place, some of the larger credit union members were seeking services elsewhere and expressing displeasure about what they perceived as cross-subsidization of smaller credit unions. Another CEO also noted:

> "...consolidation was already happening, right, even back 20 years ago. As credit unions got bigger, the real big guys started behaving differently. They started pulling away from collaboration, challenging their centrals on where are these costs coming from? What's come to reality, the big credit unions have in reality learned how much they were subsidizing the little guys. Like if the centrals are going and negotiating something with the supplier on behalf of all credit unions, then they come back with pricing and the big guys are paying the same price per transaction as the little guys but yet they're paying twice as much as the banks, the big guys are kind of putting their hands up and going, 'hey, volume matters here' and so that's kind of what started to happen. Big guys have said like no, we're not going to subsidize the little guy anymore. We want, we need to be competitive for our members, right?"

Another CEO described the shift to "volume-sensitive pricing" as "another thing that did credit unions in," favouring big over small and deepening disharmony amongst the credit unions. Relatedly, several of our small credit union interviewees expressed frustration and sometimes anger over what they described as efforts by the large credit unions to use their governance power to influence the distribution of proceeds from the sale of lucrative credit union assets such as Concentra Bank. In 2024, it was sold by Saskatchewan Central, which held 80% of the bank on behalf of its members, to publicly-traded Equitable Bank for almost $460 million.

While details about the distribution of proceeds are fuzzy, several small credit union leaders claimed they did not receive their fair share of the proceeds because Saskatchewan Central, at the urging of its largest members, chose a distribution formula that did not fully recognize the small credit union equity position in central. According to some small credit union leaders, the outcome could have been worse had they not banded together and hired legal counsel, threatening to bring SaskCentral to court. Still, one CEO described the resulting (attenuated) distribution as theft:

> "...when a company gets sold, you get paid out based on your shareholdings? Well, the big guys didn't like that because they wanted to try to, I'm going to use the word steal, more money than they were due. So, then they were trying to convince the new CEO, central, this is a patronage. No, it's not patronage. It's a sale of an asset. And the spoils should be distributed based on your holdings. We ended up losing about $130,000 that rightfully was ours. It was stolen by the big guys."

While this view was far from universally shared among our participants, there was a widespread belief that small credit unions could not count on their centrals to be there for them going forward, primarily because there was a sense that the large credit unions would eventually use their governance power to wind them up.

Regulatory Pressures

Respondents generally spoke favourably about their (provincial) regulators, pointing out the important role they play in holding credit unions accountable given widespread challenges with member engagement in the democratic governance process. As one respondent put it:

> "On some level, the regulator functions like the market for an industry that has [no market]. The market doesn't respond other than membership coming or going, as opposed to if there is sustained destruction of economic value, membership may not

> come or go. There's no market feedback. And so we look at the regulator in a very constructive way. That is to say, they are like [a] market feedback mechanism for us to check board and management and to maintain and raise a standard. And they should be asking, and we found no evidence that they aren't asking, for things that we wouldn't otherwise ask ourselves."

To some extent, this positive view of the regulators may be a function of the (unintended) fact that we spoke to credit unions who were doing well financially and in many cases outperforming (from a profitability perspective) credit unions many times their size. Our subject credit unions were also well capitalized, with large capital reserves that suggested they could survive some difficult years. However, even as they framed their relationship with the regulators in largely positive terms, CEOs acknowledge the tensions:

> "The regulator is a love-hate relationship. And so, in 2008, when you know the markets crashed, we went to the regulator and said thank you. We're strong because of what you made us do. In COVID, we went to the regulator and said thank you. We're strong because of what you made us do. [But] when they bring us new standards and we have to spend hours and hours and hours working to get the proper reporting, we're hating them.... If they put us on the watch list or a supervision list. It's a lot of work. We're hating them, but our system is strong because we've had good regulators."

Some respondents did express more concern about regulators applying rules with little regard for the realities of small credit unions. One CEO noted that even as regulators "do lots of good, the "amount [of regulatory burden] is increasing. ...we're [often] spending $100 to save $10." The CEO went on to give an example of the kind of thing regulators struggle to reconcile, even though it's long been a core credit union advantage :

> "We know our members. One example: guy lives on my street. He calls me up, he says I'm going to be overdrawn $150,000 and I say go ahead, write the check, you're good. I know him that well that I can say that. If you want to do that, go do it. And I know because he's a good member. But CUDGC would look at that and say what are you doing?"

We also heard negative sentiments about anti-money laundering and anti-terrorism rules:

> "We've become a police force for the government, right, which is not our industry or specialization, but we're forced into it both by regulation and fear, fear of penalties and prosecution. So that's an issue. That's a cost we can't overcome because it's not like we can charge you now $39.00 a month for your checking account, right? ...So regulation is definitely a burden."

Solutions

Mergers: Conventional, Niche, and Federalization

Six of the 14 credit union leaders we spoke to were actively engaged in merger activities at the time of our interviews, while most others had been involved in prior mergers. Participants referenced three different merger strategies, namely: a pan-provincial merger strategy; a niche merger strategy; and a federalization merger strategy.

Pan-Provincial Mega Mergers

As noted, we began this research with a strong presumption that mergers were the only path forward for smaller credit unions given a challenging environment of rising regulatory, digital, cybersecurity and human resource costs made worse by intensifying competition and eroding margins. We heard versions of this view from many of our respondents. Interestingly, it was almost always framed in the context of a looming merger that, after completion, would result in a credit union with broad reach across their home province. One respondent from a $2 billion credit union in the midst of a pan-provincial merger put it bluntly: “We don’t foresee a positive future without the merger.” The CEO went on to explain:

> “How in the world are you going to pay for all of this [costs mentioned above] on a balance sheet that I know at the end of the day, I can only get so much revenue at $1.5 - 1.6 billion? I can only push the staff and we can only do so much at the end of the day. Can you keep your expenses to a level where you’re going to make the profitability that your regulator is looking for and things like that. Well, maybe for the short term we can, but in the long term, I’m really questioning that. Now of course you been hit with inflation. Operating costs have soared over the last couple of years and that’s additional pain that you’re trying to manage. At the same time, you’re trying to grow at a respectable level to absorb some of that cost, [and that’s] not always easy because we’re getting back to that competitive piece.”

Throughout our conversation, this CEO returned frequently to a discussion of how digital banking, coupled with COVID, had dramatically shifted the landscape, tilting the conversation towards mergers. Before COVID, this credit union was contemplating expanding into a new bigger building to accommodate a growing staff complement; now, almost everyone worked from home with no obvious impact on performance.

The CEO also noted that credit unions like theirs in once insulated rural markets face increasingly intense competition from larger urban-based credit unions, banks, and other competitors. Members for their part appear to have less interest in physical branches, performing almost all transactions online. (Across our interviewees, we heard leaders tell us that anywhere from 75% to 85% of transactions happen online.)

The CEO told us that the pressures to merge were also a function of leadership age, with many senior leaders nearing retirement and no obvious successors in line. And any effort to collaborate with other credit unions seemed unlikely to succeed because of an increasingly strong view that other credit unions were not collaborators but competitors:

> “Well, now you have to trust your competitor. That’s hard because you don’t know because there’s that oh, I know, if I give that up, they’re going to start soliciting my members, not just for the wealth services, but they’re going to want the checking, savings, mortgage. I just don’t think we’re ever able to get past that.”

Another CEO cast the merger question largely from the member perspective, stressing that earlier mergers had yielded the kind of immediate gains they would be looking for in any future merger conversations. At the time of our conversation, this credit union was finalizing discussions with several other credit unions that collectively would give them reach across their province:

> "…when we pulled the switch and merged, all those [credit union] members got an immediate half percent break on their [line of credit] because [the other credit unions that merged] were running higher prime rates. Just in general, our staff told us there's more products and services available to the member, including access to free banking, expanded hours of services through our contact centre [NB. the merged smaller credit unions did not previously have a call centre], and a more shared pool of talent and employees that made us better. And then there is just that scale, that size, to manage the cost of future investment in both technology and skills. From Day 1, there were benefits."

In this leader's view, credit unions that resist mergers often do so out of a desire for some sense of control in a struggling community, with their boards of directors particularly resistant to losing an anchor institution after so many have already gone, including schools, hospitals, and gas stations: "It's a community survival rationale, which I get."

Another CEO of one of Western Canada's most enduringly profitable credit unions lamented the lost world of credit union cooperation. This leader seemed resigned to the new reality of competition. Not long after our conversation, this credit union would again announce a blockbuster merger with other credit unions:

> "So I can measure scale in two ways. Number of members or just general asset size, but it's really about both with a result that generates you a certain amount of profit that basically I can then take and invest in the things that I need. So I can't today do the things I want on my own. I just don't have that size. I'm forced to collaborate and collaborating is hard. And I collaborate with a lot of different people and it's really really hard."

Coming back to the same argument later in our conversation, but from a member perspective, this CEO noted: "You know, when I look at what my cost is per member, it's too high and so I need that scale that aggregation to really drive down that member cost."

Mergers with Niche Focus

Some CUs had a long history of operating as a regional credit union following several mergers in the early 1990s and were continuing to entertain the idea of mergers with other credit unions beyond their region. The rationale for these mergers was less about achieving cost efficiencies and more about their CU's strategic focus on a market niche. For instance, one credit union we visited has focused on pursuing mergers with credit unions that have a strong rural and agricultural base. The CEO indicated that the board hired them with a mandate to grow agriculture loans, rather than continuing to syndicate loans with other credit unions given their strong liquidity position: "That's what I wanted to be doing.…And there's tons of opportunity…We love the agriculture market."

While Farm Credit Canada is a major competitor for rural-based credit unions, the banks have been mostly leaving because smaller communities are less important to them and their appetite for the risk in agriculture constantly shifts. The CEO spoke about previously working as a lender for a major bank, and how from year to year that bank's lending approach to the same farm business would change "even though there's absolutely nothing wrong with the file". The CEO noted that agriculture was an important and valuable market for their credit union:

> "If you look over [our credit union's] history we've lost very little money in the agriculture space. Less in the agriculture space than in consumer or commercial, because farmers aren't going to just drop off their keys and walk away."

The CEO also spoke extensively about the importance of relationship-based banking, and how it is so much more important in small communities. In the city, a lender might never see a person again who was declined for a loan, but in a small town it is necessary to take a different approach because "you're really dealing with your friends, families, neighbours, all the time."

This sentiment and strategic focus on rural communities have impacted how this credit union treats branches in rural communities. While a major rationale for other pan-provincial approaches to mergers has been to find efficiencies in part by closing branches and reducing staff headcount, the strategic focus on being a rural-based credit union has led to different operating models for this credit union, such as finding efficiencies by having staff work in multiple locations and keeping branches open:

> "For us, the hardest thing is [finding] labour…but to run a branch in some of our communities…our real estate is cheap. We are looking at different models…[two communities] share staff, so one [branch is] open two days a week, one's open three days a week…Traffic is going down in branches, but we also still think it's important to have a presence in our communities, even if it's not five days a week."

Cross-Provincial Mergers & Federalization/Continuance

While most of our 'scale-through-merger' conversations centered around either the pan-provincial or niche market strategies, another credit union leader flagged a third option, namely cross-provincial mergers with federal credit unions. This credit union's journey to contemplating a merger with a federal credit union is worth some discussion because it echoes many recurring themes but with a different end point.

Like many other small credit unions contemplating mergers, this credit union had done its homework and come to the conclusion that while it had a strong capital base, it was not sustainable in the long run. The credit union had been losing members for 20 years. Its membership base was old and getting older and there were no obvious prospects for renewal despite a strong economic context that for now was keeping it financially viable.

Before settling on a merger strategy, however, the credit union tried collaborating with six other like-sized credit unions in the province. They first set out to identify promising areas for shared services that could result in lower costs. The discussion eventually advanced enough that the group considered the possibility of a 'merged balance sheet,' which the CEO described as code for mergers. In the end, however, the collaboration floundered as one participant after another left the group, weakening the case for cost savings. Confronted with these collective action failures, this credit union began to explore a more concrete merger option:

> "So what the board decided to do was, if we're going to look for a partner, we want to start doing it while we're in a position of strength so if it doesn't work out, you know, we're not desperate here and from that, they set parameters around what type of credit union made sense."

From there, the credit union solicited expressions of interest, eventually agreeing to a merger with federal credit union partner that offered several advantages over provincial merger partners and conventional pan-provincial or niche strategies. These advantages include a strong cultural fit with a like-minded credit union that while larger, did not dwarf this credit union in the same way that others might; the potential to serve members effortlessly across provincial borders; credible promises to keep branches open; and improved member services via better technology and lower costs.

Going It Alone

Regional or Niche Focus

Several credit unions are still bucking the trend toward merging into ever-larger credit unions in an attempt to ‘go it alone’. We were surprised by the continued presence of one or two branch community-based credit unions after several waves of mergers across the credit union system (though following our interviews, at least one of these has decided to now merge with another small credit union). These credit unions are usually found in more rural-based communities, or at least outside major urban centers, in regions with high farmland values or other lucrative industries, particularly oil, gas and mining.

All of these very small credit unions are highly successful or at least financially viable, providing real-life counter-examples to the dominant narrative that a credit union needs to have several billion dollars of assets to be financially viable. As one CEO colourfully put it:

> “There’s a stack of stuff that deep that the regulator wants you to do, but in reality it’s four things. It’s delinquency, liquidity, profit, and reserves. And if you look after those four things, nobody’s going to touch it. They can yap at you. What are you going to do?”

Some rural-based credit unions have opened branches in larger urban areas to continue to provide services to their members as those members moved into cities for school or work. This suggests that members will (continue to) bank with small community credit unions, even if they do not live in the town. Indeed, one credit union we visited has almost seven times the number of members than the town’s population. The CEO noted that their members grew substantially following a recent merger of a neighbouring community’s credit union with a larger provincial credit union, suggesting that “some people don’t like the larger credit unions”.

One of the other CEOs of a very small credit union likewise claimed that mergers can reduce the loyalty people have to their credit union. After explaining how this had occurred after a small merger in their own credit union, the CEO elaborated:

> “And I’ve seen that happen so many times around the province where a big credit union will buy another, they get it for nothing, will take over a credit union 100 miles away from where they are. And there’s no relationship between the members that are supporting that credit union and the one afar. So quite often we see migration and [members] not prepared to stay anymore and they go elsewhere.”

One of the challenges these very small credit unions face is being able to make major loans to their members. Instead, they focus more on operating lines of credit, housing, and equipment purchases, rather than loans for farmland, for instance. However, some have also partnered with other credit unions on syndicated loans.

One small credit union has also developed an innovative investment strategy around gold that has proven to be attractive to a niche and regional member base.

Third Party Relationships

Another way in which credit unions attempt to 'go it alone' is through expanding their contractual relationships. Several leaders noted their increasing reliance on third-party vendors outside of the credit union system to provide them with services that used to be provided by the centrals or shared with other credit unions. While some CEOs have had success in finding reliable providers, several credit unions indicated that they are now responsible for managing a skyrocketing number of relationships with individual companies:

> "In the last few months, we counted, we made a quick list, and we were over 70 that we have third-party relationships with that Deposit Guarantee is expecting us to have a fully articulated plan as how we're managing that risk with every one of our third-party suppliers. And then so we said, wow, that's almost impossible, it was paralyzing."

Even just managing one major third-party relationship is a massive undertaking for a small credit union:

> "Well, let's pick the biggest one, which is [vendor], right? So, I get on the phone with the CEO of [vendor], saying, can you share your strategy on risk and how you're managing it, and what the risks are, what the downside is, what we can do if something happens? And so on and so forth, it's almost impossible for us, for our size, to look at that."

> Other CEOs spoke about how this increases the risk for smaller credit unions:

> "…we've been slowly reducing our dependency on [specific] third party, we've been what I would call de-risking our balance sheet since merging….we got rid of some of these third party relationships because we just felt that our risk profile, what the board had established as a risk profile, but what actually was there, were not necessarily in sync…"

> "We have to do more research and understanding of what we're buying. And especially our partners because the third-party thing is a pain. You know you get a service. You don't. It lasts for three years and you gotta look for another supplier."

Cooperation Among Credit Unions

Shared Services

While we outlined the challenges associated with central dismemberment earlier, not all was doom and gloom. Some credit unions were figuring out ways to co-operate with each other to provide needed services, with several respondents pointing to the creation of National Consulting Limited (NCL), an entity spun out of SaskCentral, as a good example of how credit unions could collaborate successfully in a central-like entity. And indeed, over its first year of operations, we were told that NCL had been profitable and enjoyed strong support from small Saskatchewan credit unions and beyond, building relationships with credit unions in neighbouring provinces and even into Ontario. Evoking some of the nostalgia we heard from many of the long-serving small credit union leaders, one CEO described what it has been like to work with NCL:

> "That's kind of a cool thing that we came together and actually, I'll say cooperated that we actually got along to do it. And you go to

> those meetings, and if you close your eyes, you're almost back to where I was when I started my career, because they're talking working together, they're talking let's handle this issue, let's deal with this problem. Let's do whatever."

Entities like NCL offer hope for smaller credit unions. Another CEO noted:

> "If they have a desire to stay on their own, and I think National Consulting will help that to some degree, if they have a desire and a will, and are willing to put the effort in, they can survive. But these aren't small shops. Most of them are bigger than me. But you don't need to be $5 billion to survive in today's market."

Towards the end of our study, however, some of the respondents who earlier expressed optimism about NCL, told us they were tempering their views because of new mergers that threatened to shrink NCL's membership base (by pushing the merged credit union out) and challenge NCL's viability, threatening the hard-earned trust that had contributed to NCL's early success.

Federated "Hub and Spoke" Model

One CEO of a highly profitable credit union that has undertaken mergers, but has also experienced rapid organic growth, received a call from a CEO of another credit union in the province while we were talking to explain why their credit union had finally decided to merge. The CEO with whom we were speaking acknowledged the importance of scale and that "it's a hard thing to fight against" but shared the "disappointment" the merger news evoked, worrying that this kind of merger undermines the one thing that differentiates credit unions:

> "…the larger an organization gets, it's easier for that organization to move away from its grassroots, from its founding principles…these are credit unions I speak to a lot, and we were talking about how to achieve scale without losing what makes us special. I would say that if you want to remain, you can't save the credit union system by ceasing to become a credit union. I think as a credit union leader, I've realized that I have actually only one asset. That is my connection to my membership, my bond if you like, right?…If you want to solve the scale problem, which does need to be solved, and you want to do that by giving up your own asset, which is your connection to your members, you've not actually solved anything, right? You've just ceased to exist…We've all been so, sort of, brow-beaten over the scale issue and we've been terrified about the cost of upcoming technology and payments infrastructure and all this. We've saved ourselves by no longer being credit unions and moving away from what defines a credit union."

This CEO argued that credit unions need to "[do] the hard work and [think] a little bit more creatively" about how to address scale concerns and retain their "one asset". The CEO shared a possibility that several credit union leaders had been discussing:

> "…We were looking at the idea of creating a federated credit union model. It is one credit union with one balance sheet and one board. But we're saying, OK, how do you do that and achieve that scale…so if you create a $4 billion credit union, which you can work with…but what are the bits we want to keep? We want to keep the fact that [credit union A] is really good at supporting small business in their area and entrepreneurs. That's not a particular strength of ours…our strength is in

> [specific industries and communities], so we have our flavor, and [[credit union C]] is up there in a resource economy…"
>
> …When credit unions used to merge, they would look for someone as similar to them as possible, because what they were doing was blending their credit unions. No one wants to change. So say, I'll find someone who is exactly like me, or as near as, damn it. And then when we blend our credit unions, I don't have to change that much. And we were saying, actually, what was interesting about our [federated] model is that you actually look for someone different from you. And that's the point that you're different because you're gonna be a different spoke on the wheel…We can share our kind of centralized functions, we can share our balance sheet, and our risk management functions, and our finance functions, all that good stuff."

While this CEO acknowledged that the idea isn't fully baked, the leaders that were part of these conversations had clearly already thought a lot about individual credit union branding, representative governance, how to centralize and devolve decision-making power over different issues, and also senior leadership, which could include a president for each of the credit union "spokes". And the job of leadership would be to "do the important work of the credit union, which is about member connection, about listening to members, and about innovating products to solve their needs."

When we inquired about costs, the CEO noted that it was critical to think not only about the short-term costs of things like multiple branding and websites, but also about the medium and long-term costs of losing your identity:

> "You get this blended homogenous credit union that actually means nothing to anybody. And you know, my fear is we're a generation away from [the members] going, 'well, why am I a member of [large credit union]? Why don't I just go to TD? It's closer. It's just down the street.' So, I think it's worth the cost to have this slightly cumbersome model."

The "hub-and-spoke" model was one of the more interesting ideas we heard for how to re-think cooperation among credit unions in the contemporary era. It combined, in unique ways, the best ideas and benefits from federated co-operative systems, centrals, and mergers to solve the perennial challenge between efficiency and autonomy of local credit unions in the contemporary era.

Algorithmic Cooperation

Another credit union leader held out hope for a different, more technology-driven form of cooperation, proposing a model where credit unions merge their technology stacks and equip themselves with the skilled people needed to navigate an increasingly interdependent world of technology platforms that govern almost every part of what credit unions do, from managing deposit taking, lending, liquidity, wealth, and capital to risk management around cybersecurity, money laundering and terrorist financing reporting, and application-program interface (API)-based relationships with hundreds of third-party vendors. Pointing to a looming wave of policy changes (e.g., open banking, real-time payments, rich-text ISO 2022 standards) that will enable and accelerate these trends, the respondent insisted on the inherent challenge of navigating a world where changes or vulnerabilities in one technology system can play out instantly across a range of other, tightly coupled systems. In this world, managing a credit union means managing time and risk.

To illustrate what this kind of technology-based cooperation might look like, the respondent suggested that credit unions that took up the call for a shared technology platform could consider optimizing a shared “synthetic” balance sheet that would help them minimize “latency” (idle capital or liquidity resources), and in so doing, help credit unions deal with the “evisceration” of their net interest rate margin because of intensifying competition. For this respondent, mergers “don’t address the fundamental relationship of time. And time is the only way…it’s one of the few ways that you’re going to be able to try to stave off this margin–not compression–evisceration.”

This respondent noted the importance of focusing attention on this idea of time as a resource that can (and must, given the shifting policy and technology landscape) be used to compete effectively in a difficult market. Here, the winning strategy is to reduce the months, weeks, days, hours, minutes and even seconds associated with processing transactions, much like modern algorithmic trading firms exploit short-term opportunities (sometimes measured in fractions of a second) that would otherwise be unreachable at human speed.

The respondent provided an example of what this might look like in practice, starting with a hypothetical scenario where a credit union’s commercial team negotiates a $10 million loan deal, gets underwriting sign off, works with treasury to set aside the necessary funds, but then things stall out:

> “And then [the commercial team] goes oh, sorry, the lawyer, he’s on holiday, so it’s going to be three more weeks. I’m sitting on interest expense. So instead of it being done almost on a perfectly matched basis, and I don’t mean duration matched, I mean in time asynchronous, timestamped matched, we have weeks upon weeks of carrying the liability, incurring interest expense, waiting for us to be able to allocate it to the funding where we start to generate our interest income.”

The same thing can happen on the residential mortgage side, where deals might sit for days or weeks because a lender takes a vacation or gets behind in paperwork: “so the mismanagement of time is killing margin because no one’s had to manage time because the margins were always so effectively [high] on a comparative basis.” By using modern technology to create a synthetic balance sheet, credit unions could deploy capital and liquidity resources at scale and speed, relieving some of what this respondent believes is unwarranted and unhelpful narratives around mergers as the way to solve the fundamental problem facing credit unions. Interestingly, this kind of technology could also encourage greater and more efficient syndication of loans between credit unions that may not have the capital adequacy ratios to provide large loans to their members on their own.

Discussion

While many of our respondents cited a familiar list of motivations for mergers—rising regulatory, technology, operational and human resource risks and costs among others, some framed mergers as a new (but unusual) form of cooperation to replace the ‘hard’ work of traditional cooperation among credit unions and through their centrals. This recasting of ‘cooperation into merger’ speaks to the breakdown of trust amongst credit unions, a breakdown with economic consequences: respondents repeatedly pointed to two recent expensive examples of collective action failures, namely the PPJV debacle and Celero.

But there were also other examples. Some Saskatchewan credit union leaders, for example, bemoaned the fate of Concentra Bank (formerly Concentra Financial and before that, Co-operative Trust). Others pointed to the lost income and autonomy from a jointly-owned credit card issuer, or more mundane collective action efforts like Credit Union Electronic Account Management Services (CEAMS), a shared service entity formerly housed in Saskatchewan Central that helped credit unions with new technology investment, development, and implementation. Still others pointed to Central1's abandonment of the Forge platform. Others lamented that credit unions no longer had any appetite to participate in branding exercises like they did with the remote deposit cheque capture technology or the Fat Cat marketing campaign.

In an era of fast-paced change and cooperation failures, it is easy to forget that until not too long ago, credit unions had largely solved the scale problem by working together, in cooperation. Through their centrals, credit unions *owned* their access to payments and liquidity management services, banking technology, legal expertise, marketing departments, a credit card issuer, and wealth management capacity (both manufacturing and distribution).

The system anchored in a deep pool of *human* capital comprised of people for whom co-operative values and principles were integral, not ornamental. Today, much of that sentiment is lost. One respondent put it this way: "When leaders lack grounding in co-operative principles, it becomes harder for them to live those values, and even harder to model them. I genuinely believe that if more leaders understood, embraced, and practiced co-operative values, we would see far greater collaboration across the system. Our collective strength would grow."

Instead, "leaders are pushed to focus on survival and growth in a fast-moving financial landscape. As a result, we see less compromise, less sharing of ideas, less investment in co-operative education, and fewer efforts to develop talent aligned with co-operative values or to build common objectives. Yet we know that members across the country want and need the same things. What differs is how each leader believes we should get there."

When co-operative values were more common, they helped constitute the co-operative *relational* infrastructure that made it possible for even small one-branch credit unions to not only survive but flourish. Through a system of 'contract managers', credit unions found themselves often led by people who had acquired relevant experience by moving up, down, and around the system, leading small to large credit unions to centrals, and back again if necessary. In so doing, they acquired knowledge and skill across a range of operational matters, from lending to deposit taking to technology to human resources and more. They socialized with each other, worked together, and learned together. They knew their provinces, and in many cases the breadth of western Canada. Many of these individuals also went on to lead large credit unions, bringing an unusual depth of operational experience to their roles. More importantly still, their experience meant they could more easily wear 'two hats,' holding in productive tension the needs of their credit union with the needs of the system. And if they faltered in this endeavour and got too focused on their credit union's interests ahead of the system's, they were at least potentially held in check by lay boards (at both credit unions and centrals) who, leaning on a co-operative moment ethos, could take an offsetting system perspective without the same burden of worrying about their career advancement or retirement plans.

When we began this research, we assumed, without fully appreciating it, that this world no longer existed. As we met with small credit union leaders, we learned that was not quite right: there are still co-operative-to-the-core, passionate, small credit union leaders looking for alternative ways to scale and innovative solutions to their problems. Most (but certainly not all) were from rural parts of the western provinces, a fact that would not surprise one of our respondents, who opined that "The reality is that the marketplace has a limited supply of people who naturally hold co-operative values. Rural communities tend to have more of them, which is why credit unions often thrive there."

And, as we were surprised by the vigor and relevance of some of our interviewee credit unions, we began to question our starting assumption. Maybe smaller credit unions were not zombies, but hardy perennials? This perspective took on more relevance as we learned that some of Canada's largest credit unions had lost money in 2023 and again in 2024. Despite their scale and putative sophistication, something was broken. We even began to wonder if some credit unions were a different kind of zombie, fumbling after scale-through-merger solutions which has become the default recommendation of sector consultants.

But as we reviewed our transcripts and financial data, and as we considered the accumulating evidence, we also could not escape the sense that both large AND small credit unions were under threat not primarily because of human resource challenges, technology and regulatory compliance costs, cybersecurity risks or any of the other components of the zombie and merger narratives, but because the credit union system's relational architecture was either weakening, or already gone.

Promising collective efforts seemed to start strong but in short order, were faced with the possibility of losing members to subsequent mergers or because other members had, on their own, achieved sufficient scale that they felt they no longer had enough in common with other credit unions to continue collaborating. We also reflected on many of our conversations with small credit union leaders who felt they had tried their best to make collaboration work but gave up because in the words of one leader, it was just "too hard to make it stick".

We also realized, belatedly, that we might have been asking the wrong question all along. Perhaps the real question, the existential question, was not about the future of small credit unions but about the future of any kind of *co-operative financial system*, animated by a *co-operative logic* of scaling across and working together to confront the dramatically shifting demographic, technological, competitive and policy environment, a logic that emphasizes the importance of holding in tension a local and a system or movement logic anchored in collective purpose. As one CEO noted:

> "I think the concept of cooperation…principle 6, the cooperation amongst co-operatives, certainly that's diminished…On a call I had with [a credit union system leader], he said there isn't a credit union system anymore. You know, there's a sector, right? But there isn't a system anymore. You're not co-operating."

On the one hand, this must seem depressing to anyone who cares about the co-operative impulse that animated Canada's vast and important co-operative financial sector. On the other hand, we came to an alternative realization in our study that *there is no escaping cooperation*. Even as the centrals strip down and simplify their operations, selling off collective assets, or adopting other changes that reinforce credit union mergers and 'go it alone' patterns, credit unions are embedding themselves in other relationships, forming dozens and sometimes hundreds of relationships with third-party providers for services that in the past, ran almost exclusively through their centrals or via more informal relationships with other credit unions. In most cases, they have done so for good reason, recognizing that they do not have the in-house capacity to address the multitude of demands on their business and cannot count on centrals or each other to fix the problem.

As one of our respondents insisted, the resulting relationships become critical vectors of risk in a world where time, like margin, can no longer play a buffer role between decision and execution. The implications of this shift are profound for credit unions and their purpose: if we are right to assume that technology systems *are* become increasingly tightly coupled, then the cost of exit also becomes increasingly high and the resulting threat to credit union autonomy, responsiveness to community, and core purpose, severe. Economists use the concept of "hold up" costs to describe this kind of constraint, showing how negotiations between buyers and their suppliers (in this case, third-party service providers) can quickly flip from a situation of rough parity before a contract is signed to one where, after the contract is executed and some time has passed, the supplier uses the resulting lock-in to extract financial concessions from a now dependent credit union buyer.

If these considerations seem abstract or remote, consider how difficult it is to exit Apple, Google, Microsoft, Amazon, or Meta platforms. Consider also how users are habituated and networked into these platforms (e.g., using Google, Microsoft or Facebook easy sign-on for example). Once this happens, the platforms can begin to deepen the monetization of the relationship, knowing that exit costs are high and complex. In the banking context, these risks are more acute because of the compression of time (and margins) and the intolerance of most members to disruptions. This "difficulty of exit" is a key property of *any* complex system. The resulting networks can no more be (easily) disassembled than we can, like the lobotomists believed, remove a piece of the brain to cure depression or mental health problems. Compounding matters further, even as credit unions become locked into their third-party relationships and subject to the whims of these external relationships, members may find it increasingly easy to exit their credit unions because of open banking read and write rules, a form of interoperability that the social media and operating system platforms have long resisted (and continue to actively resist) to protect their profitability in a world of networked economies.

Conclusion

For most of the 20th century, a great collective movement of people mobilized to form, govern, and use thousands of credit unions to solve real-world problems. Through *their* credit unions, members could safely store their money for providential purposes, obtain loans that might otherwise be denied, pay fair rates on borrowing and receive fair rates on deposits, and use the credit union surplus, net of prudential reserves, to help fund the things that mattered to them and their communities. They could do all this reasonably safe in the knowledge that because they owned it, the credit union looked out for their interests, not those of distant shareholders or even governments. In short, credit unions were tools for exercising some collective *control* and *autonomy* in the uncertain and rapidly modernizing world of the 20th century.

In some ways, the credit union system finds itself in a similar critical juncture and once again, the question arises: how much do credit unions, and their members, value *some* measure of real control over their collective financial future? If credit unions are to properly answer this question, our hope is that they will elevate awareness and engage in discussion over the one over-arching finding of our study: <u>there is no escape from cooperation or its messiness</u>. There is only reconfiguration and new dynamics of coordination, with new players and new power dynamics. The question then becomes one of asking *"Who do credit unions want to give power to, or share power with?'* And how should these relationships be governed and structured? Should the system be based on shared ownership, democratic governance, two-hat thinking, and trust-based cooperation, or should it be based on contract with other service providers, mergers, or something else entirely?

If the credit union system chooses to carry on down its current path, then it seems likely that the conversation will continue to drift further away from cooperation among co-operatives towards more mergers and more of what we call 'cooperation with third parties' but with ever weakening exit and control rights that are at the heart of what it means to be a co-operative. Research at the Canadian Centre for the Study of Co-operatives suggests that it is only a short step from there to active discussions about demutualization, a theme that did **<u>not</u>** emerge in our formal interviews with smaller credit unions, but has become an increasing concern in the co-operative system in general. There is a large constituency of consultants and law firms, not to mention investment dealers, that would welcome, motivate, and support these discussions. We have seen this story play out elsewhere, for instance with the demutualization of Mountain Equipment Co-operative[1] and Economical Insurance.[2]

The credit union system can choose a different path. It will not be easy. But it is possible. And it starts with straight talk around a shared objective, namely preservation of the co-operative impulse in credit unions and the societal need for a thriving co-operative financial *system*. To illustrate what this conversation might look like, we point to precedent: Rabobank, in the Netherlands, contemplated demutualization to address looming challenges of scale and capitalization in the 1990s but after extensive discussions, reaffirmed and deepened its commitment to its co-operative identity. It remains among the world's leading funders of agriculture today. Co-operative Bulk Handling (CBH) in Australia in the 1990s had similar conversations after recognizing that the world around it was changing rapidly from one of closed and managed trade to open and free trade. Unlike its Prairie Wheat Pool counterparts, it resisted the

[1] Pigeon, M.A., Pohler, D., and Piscitelli, A. *Forthcoming, 2026*. Mountain Equipment Co-op: Can democracy work in a large co-operative? Ivey School of Business Case Repository.

[2] Piscitelli, A., Pohler, D. and Pigeon, M.A. *Forthcoming, 2026*. Navigating a governance minefield at economical mutual insurance company: A contested demutualization process. Conestoga College Case Repository.

siren call of the consultants and others who insisted that co-operatives could not possibly fund the necessary changes to meet the moment. Its farmer members dug in and worked with their co-operative identity. CBH remains [3] the dominant, and lowest-cost, grain handling company in Australia.[4]

What barriers would need to be overcome for credit unions to cooperate with each other to overcome contemporary challenges? In Appendix C, we set out some questions that we suggest credit union leaders and their boards might want to ask themselves when they contemplate the merger question, or going it alone, or partnering with vendors outside the credit union system. At minimum, it requires many difficult conversations both within and across credit unions, including with members, but especially among credit union leaders (and especially boards). That probably means, among other things, recognizing that cooperation is unlikely to succeed across credit unions that differ radically in scale – co-operative solutions will have to be among like-sized organizations.

And if those conversations cannot or will not happen, and if being a co-operative financial institution truly does not matter anymore to members, then perhaps the legacy of credit unions should end here. However, if credit unions have not sought to educate their members on why being a credit union matters, or if leaders themselves do not care, then perhaps no one has really considered what the future implications are of the declining relational architecture in the credit union system. And we must have these conversations now, because once that disappears, it will be very difficult, if not impossible, to get it back.

In short, a large part of the future path of credit unions comes down to whether credit union leaders and members believe a different path is possible. To some extent, all it takes is a strong belief – indeed, it is what built, over 100 years ago, a strong alternative financial system that as one CEO marveled, has defied the odds:

> "…If you went and spoke to the guys at McKinsey and said, hey you've got all these big banks and these big fintechs and the way that they're funded in the access to markets that they have, and we're just going to create this little community bank that's going to do…They'll just say 'that doesn't work. That business model is not gonna work'…it makes no sense that we have billion-dollar credit unions, however, we did it, and it does work. And we grow faster than the banks, and we're profitable and we have a better member satisfaction and our team are happier and more engaged and we're more innovative. So something's happening here…"

Something has definitely happened here historically and is still happening currently. The question is whether it will continue to happen. There is still time to make sure it does. A lot is at stake, as one respondent reminded us:

> "Credit unions were born out of necessity—a community-driven solution for people the banks refused to serve. Neighbours came together to meet a shared need, to lift one

[3] For a discussion, see: Groenveld, H. 2016. Rabobank before, during and after the credit crisis: From modesty via complacency to fundamental steps. Tilsburg University School of Society and Business. Available at: https://www.researchgate.net/publication/302596316_Rabobank_Before_During_and_After_the_Credit_Crisis_From_Modesty_via_Complacency_to_Fundamental_Steps

[4] For a discussion, see: Patmore, G., Balnave, N., & Marjanovic, O. (2021). Resistance is not futile: Co-operatives, demutualization, agriculture, and neoliberalism in Australia. *Business and Politics*, *23*(4), 510-528.

another, and to strengthen the communities where they lived and worked. They understood the circular value of cooperation: good people becoming great leaders, great leaders building strong communities, and strong communities enabling everyone to prosper. When each of us does well, all of us do well."

Appendix A: Research Methods

Semi-Structured Interview Questions

1. Tell us a bit about how you found your way into the credit union system?

2. How would you describe your general impression of credit unions when you first encountered them? How have your views evolved?

3. Like smaller banks (e.g., Laurentian), credit unions face a growing set of operational challenges, including increased regulatory scrutiny, digitalization, an uncertain interest rate environment, and increasing competition from new financial technology firms. At the same time, there are indications that credit unions are increasingly facing these challenges alone rather than collectively, like they have in the past. Some have suggested that these conditions pose an existential threat to smaller institutions and especially smaller credit unions.
    a. Do you agree? If not, why not?
    b. If you believe these circumstances pose existential threats, how should credit unions prepare for them?
    c. Are there other potential threats to smaller banking entities that we maybe have missed? If so, what are they and how exactly do they challenge smaller entities?

4. The Globe and Mail has recently run some stories about a credit union whose strategy has been to accumulate gold – the premise being that the financial system is fragile and prone to failure because of bad fiscal policy – and appeal to dissatisfied anti-government segments of the population.
    a. What was your reaction to this news coverage (assuming you've encountered it)? What does it tell us about the viability of smaller credit unions? Mergers?
    b. Do you have any sense of how policymakers have reacted to this coverage?

5. How do you think regulators (federal / provincial) perceive credit unions and their centrals? Do they seem them as risks (to stability)? Opportunities (for competition)? Both?

6. Is there anything you would like to add to this conversation, maybe something we should have asked but didn't think to?

Transcription and Data Analysis

To analyze the respondent interview data, we employed a local University of Saskatchewan license of Microsoft's Word transcription tool to obtain a first draft of our conversation. Our research assistant next went through the transcript, listening carefully to the interview where necessary to address obvious transcription errors and to order the transcript more intuitively, for reading purposes. We used the transcripts to code our content by theme, carefully reviewing selected quotations for accuracy by listening to the original recording whenever we had a doubt about the accuracy of the transcription. Our coding scheme is available upon request.

Financial Data

To situate our findings empirically, the Canadian Credit Union Association (CCUA) provided us with summary (fully anonymized) data to create the figures in this report.

Appendix B: Historical and Institutional Context

The Long Wave: From Scaling Across to Scaling Up

In Canada, the first credit union was formed by Alphonse Desjardins in 1900 after observing that many working-class people often paid usurious interest rates on borrowed money.[5] The idea of a community-owned lending group offering fair priced small dollar loans took root quickly, with Desjardins-influenced French-language “Caisses” sprouting up throughout Québec and beyond, including deep into the northeastern United States to the south and westward through Ontario and into the new prairie provinces of Manitoba, Saskatchewan, and Ontario.

By the 1920s and 1930s, inspired by Desjardins’ success, a parallel system of English-language credit unions emerged in the Atlantic provinces, Ontario, the northeastern United States and eventually Western Canada. In the Atlantic provinces, the Antigonish movement, led by liberation theology-inflected clergy such as Father Jimmy Tompkin and Sister Irene Doyle, seeded dozens of credit unions amongst the regions’ fishers, foresters, agricultural producers, and coal mine workers among others (Pigeon, 2023). In Ontario, credit unions typically formed around workplaces, patterning after the burgeoning credit union movement in the Northeastern United States led by Roy Bergengren and funded by Edward Filene. In the mid to late 1930s, the English-speaking credit union spread to western Canada, where the ‘common bond’ or ‘bond of association’ was predominantly community-based, albeit blended with a sizeable share of workplace-affiliated credit unions.

By the peak in 1966, there were more than 3,200 credit unions (see Figure B.1) outside of Québec (and almost as many Caisses inside Québec), each small, and each deeply embedded in

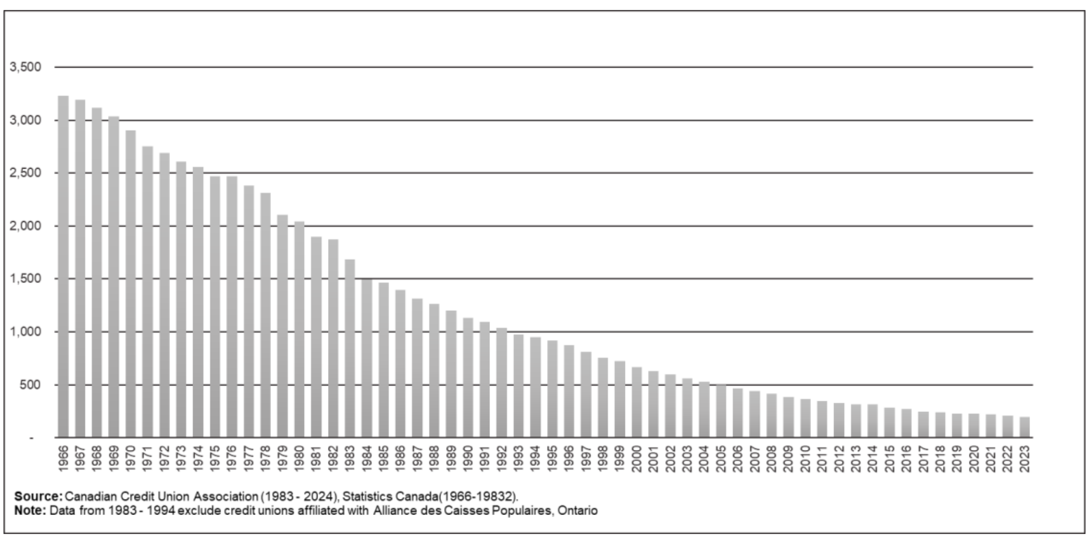

Figure B.1: Number of Credit Unions in Canada (Outside Québec), 1966-2023

[5] The discussion in this section is informed by MacPherson (2007) and Pigeon (2022).

geographic, cultural or workplace communities, and serving broader social objectives in addition to providing financial services to their members. The credit union system's explosive growth can be attributed to several factors, including restrictions on the ability of the chartered banks to provide mortgage loans to consumers (restriction were gradually lifted in the 1950s and 1960s), a broad-based wave of people steeped in collective action (Putnam and Romney Garett 2020), and the intentional structuring of an institutional architecture that reflected communitarian values. Credit unions, like other co-operatives, thought in terms of 'scaling across' by working through their centrals and incubating one credit union for each community instead of 'scaling up' through internal growth or by merger.

These propensities were reinforced by the realization that individually, credit unions were too small to compete on their own against banks. They had to pool rather than duplicate their efforts to be efficient, an idea embodied in the co-operative principle of cooperation amongst co-operatives and the co-operative value of solidarity. Starting in the 1940s, credit unions set up Leagues (for education and incubation), Co-operative Credit Societies (for payment and liquidity matters), and Mutual Aid Societies (for across credit union deposit guarantees). The Leagues and Credit Societies would eventually merge into what are known today the 'centrals,' while the mutual aid societies would eventually be known as credit union deposit guarantee corporations (CUDGCs) or find themselves integrated into larger financial services regulatory bodies like the financial services regulatory authorities in Ontario and British Columbia (FSRA and BCFSA respectively).

But this propensity, and the necessity of working together, existed in tension with local independence, particularly in English-speaking credit unions. Because of their attachment and responsiveness to members and community, credit unions had an offsetting impulse towards autonomy from government and anyone or anything that tried to impose on them (including other credit unions) in a way that was perceived to harm the interests of their members or their responsiveness to their communities. This focus on local and relationship-based banking also reflected the fact that credit unions were, and for the most part remain, largely regulated at the provincial level rather than federally like the banks.

Over time, this propensity for independence found expression in some credit unions growing more rapidly than others, either organically or through mergers. By the late 2010s, the credit union landscape outside Quebec had changed dramatically relative to the 1960s. Whereas before credit unions had been small, numerous, unified in their co-operative identity and movement logic, and dwarfed by their centrals, now they were fewer in number, fragmented and far less committed to cooperation among co-operatives. Over the ensuing years, a few credit unions had done most of the growing – either organically or through mergers, leading to a system with a handful of very large credit unions – some of which now were much bigger than, and less reliant on, the centrals – and a lot of smaller credit unions that still needed the centrals for core services.

Many of the large, growing credit unions were also located in or closer to urban centers while smaller credit unions struggled with the demographic realities facing their communities. Agrarian-based rural communities and once-vibrant regional manufacturing and mining towns in Canada have been severely impacted by the loss of their primary industries due to globalization and free trade, competitive pressures for economies of scale in agricultural production a shift away from family-owned farms to corporate agriculture, as well as the boom and bust cycle of commodities like lumber and fossil fuels (Pohler et al., 2023).

A major CCSC study on rural and remote communities in western Canada in 2016 documented that these trends resulted in much-reduced access to basic services such as healthcare, childcare, gas, and groceries, which served to reinforce the outmigration cycle as people left in search of economic and social opportunities (Fulton et al., 2016).

The centrals, in turn, were pursuing, or attempting to pursue, their own mergers to match this changing reality among the credit unions. In the late 1990s for example, Credit Union Central Canada led an effort to merge all nine provincial centrals into a single national entity comparable to the Desjardins Federation. While that effort failed to materialize, some mergers of centrals did take place. In 2008, the centrals for Ontario and British Columbia merged into a new entity called Central1. Then in 2012, centrals serving the four Atlantic provinces merged into a single entity called Atlantic Central.

Around the same time, however, a proposal to merge the three prairie centrals failed to come to fruition, as did a subsequent effort (terminated in 2017) to build a unified payments entity called PayCo (Fulton, Fairbairn and Pohler, 2017). The credit union sector did register one important success by bringing together three wealth management entities into one, thanks in large part to discipline exerted by its 50-50 partner Desjardins (Pigeon et al., 2024). The mixed record left scars of mistrust and doubt about the ability of the system to work together, feelings that would only grow as centrals scaled back their service offerings.

Appendix C: Ten Unorthodox Questions for Credit Union Boards and Executives as They Contemplate the Merger Question

1. How will a merger affect our co-operative identity? If so, what are those impacts? Have we discussed these with our members?
2. Do we perceive our co-operative structure as a problem to work around or solve or as a filter through which to run all of our decision-making? Why do we want to remain a co-operative? What is it about the model that speaks to us and our members?
3. Do we care about co-operative principles and values? Which ones? How exactly?
4. Have we asked our members whether they care about the credit union's co-operative identity? In answering this question, have we considered:
    a. What part of the co-operative identity do they care about?
    b. How are we giving our members voice? Are we inviting them into a strategic conversation or are we presenting them with a narrow range of options?
5. If we perceive that our members don't care about our co-operative identity, have we considered:
    a. Whether we provide opportunities for our members, staff and leaders to learn about our co-operative identity?
    b. Whether our branding, marketing and communications material might be contributing to an individual v. collective focus?
6. How do we think about other credit unions? Do we see them as competitors? Do we think of credit unions as part of a system? A movement? A loose collection of entities that just happen to have the same historical

origin? How do our answers to these questions shape the way we think about mergers?

7. If we are convinced of the importance of remaining a co-operative, have we carefully considered benefits and costs of working through third-party arrangements? In assessing third-party arrangements, have we considered:
    a. The potential for hold-up type problems?
    b. The transaction costs of working through multiple third parties?
    c. The regulatory compliance costs associated with monitoring and reporting on multiple third-party relationships?
    d. The impact of third-party relationships on our co-operative identity and ability to be responsive to evolving member needs?
8. How do the benefits and costs of third-party arrangements compare with working through centrals or in collaboration with other credit unions (e.g., GST/HST taxation)?
9. Have we as a board had a conversation about the anticipated impact of the evisceration of margin?
10. How does a merger help us address 'latency' (the collapse of time in banking)? What are we going to do about that?

References

Fulton, M., Fairbairn, B., & Pohler, D. (2017). Credit Unions in Canada: Design Principles for Greater Co-operation. Centre for the Study of Co-operatives: University of Saskatchewan. https://irp-cdn.multiscreensite.com/d7d4fcf8/files/uploaded/Credit%20Unions%20and%20Co-operation%20FINAL.pdf

Fulton, M., Pohler, D., Massie, M., Overlander, D., & Wu, H. (2016). Co-operative Innovation Project. Centre for the Study of Co-operatives: University of Saskatchewan. https://usaskstudies.coop/research/past-projects/the-co-operative-innovation-project.php

Groenveld, H. (2016). Rabobank before, during and after the credit crisis: From modesty via complacency to fundamental steps. Tilsburg University School of Society and Business. https://www.researchgate.net/publication/302596316_Rabobank_Before_During_and_After_the_Credit_Crisis_From_Modesty_via_Complacency_to_Fundamental_Steps

MacPherson, I. (2007). *One path to co-operative studies: A selection of papers and presentations*. British Columbia Institute for Co-operative Studies.

Patmore, G., Balnave, N., & Marjanovic, O. (2021). Resistance is not futile: Co-operatives, demutualization, agriculture, and neoliberalism in Australia. *Business and Politics*, *23*(4), 510-528.

Pigeon, M. A. (2022). An Uncommon Commons. *International Journal of the Commons*, *16*(1), 327-340.

Pigeon, M.A. (2023). Undoing a co-operative bargain: The origins and dissolution of federal accommodation of provincial credit unions. *Canadian Journal of Public Administration*, 66, 303-318.

Pigeon, M.A., Pohler, D., and Piscitelli, A. (Forthcoming, 2026). Mountain Equipment Co-op: Can democracy work in a large co-operative? Ivey School of Business Case Repository.

Piscitelli, A., Pohler, D. and Pigeon, M.A. (Forthcoming, 2026). Navigating a governance minefield at economical mutual insurance company: A contested demutualization process. Conestoga College Case Repository.

Pohler, D., Budney, J., Fulton, M., Overland, D., Marshall, A., Pewapisconias, T., White, K. (2023). Co-operative Development Possibilities in Rural Settler and Indigenous Communities: Lessons from the Co-operative Innovation Project and Co-operatives First. In C. Banack & D. Pohler (Eds.)

Building Inclusive Communities in Rural Canada. University of Alberta Press.	https://www.booksonix.com/uapress/Open%20Access/9781772126693_WEB.pdf

ABOUT THE CANADIAN CENTRE FOR THE STUDY OF CO-OPERATIVES

The Canadian Centre for the Study of Co-operatives (CCSC) is an interdisciplinary research and teaching centre located on the University of Saskatchewan campus. Established in 1984, the CCSC is supported financially by major co-operatives and credit unions from across Canada and the University of Saskatchewan (USask). Our goal is to provide practitioners and policymakers with information and conceptual tools to understand co-operatives and to develop them as solutions to the complex challenges facing communities worldwide. We are formally affiliated with the Johnson Shoyama Graduate School of Public Policy at the University of Saskatchewan and the University of Regina. The connection strengthens the capacity of everyone involved to develop research and new course offerings dedicated to solving social and economic problems. For example, our collaborative work has resulted in a Graduate Certificate in the Social Economy, Co-operatives, and Nonprofit Sector.

OUR FUNDERS

The CCSC and USask acknowledge with gratitude the support and commitment of our funders. These organizations provide the CCSC with resources and leadership, helping us to develop the knowledge needed to construct co-operative solutions to the increasingly complex challenges facing global communities. Since the CCSC opened its doors in 1984, our co-op and credit union sector partners have contributed nearly $12 million to co-operative teaching, research, and outreach.

PROUDLY SUPPORTED BY

Canadian Centre for the Study of Co-operatives
101 Diefenbaker Place
University of Saskatchewan
Saskatoon SK Canada S7N 5B8
Treaty 6 Territory and Homeland of the Métis
t: (306) 966-8509
e: coop.studies@usask.ca
w: http://www.usaskstudies.coop