

Learn from 166 unions in 109 countries. Research shows exactly why members are offered financial services. This report shows the key findings for any union or association that considers venturing into financial products for its members.

Trade Unions and Financial Services

Key findings from ILO research*

JUNE 2018

*This paper is based on Working Paper No.73 from the International Labour Organization (ILO) "Labour Unions and the promotion of inclusive finance for workers", 2016. It examines the successes, challenges and modalities of the provision of financial services by trade unions. It is based on desk research and a survey of 166 unions in 109 countries, representing 441.6 million workers.

Why are unions offering financial products to their members?

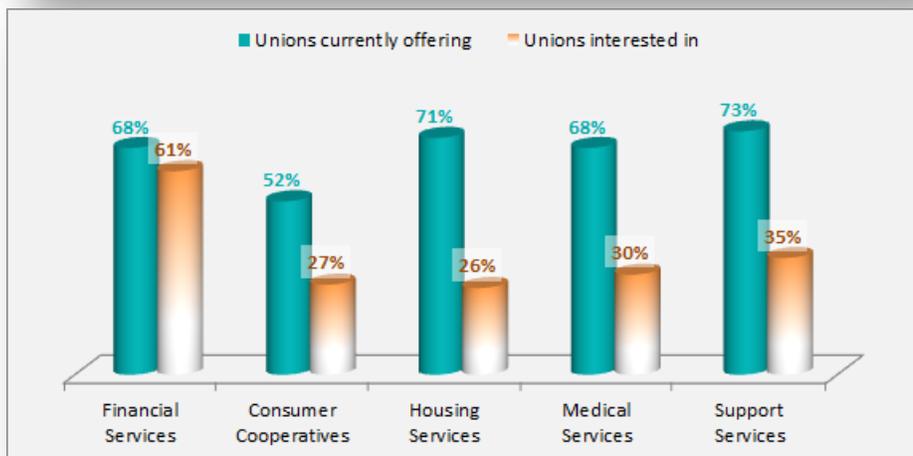
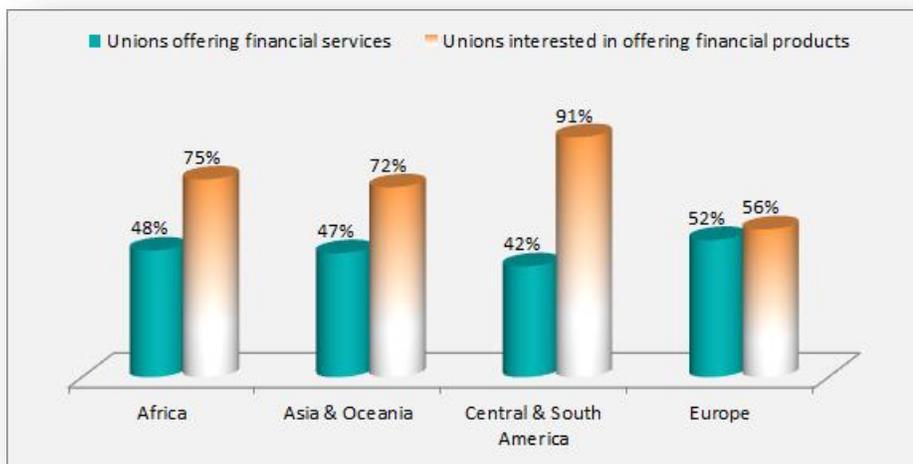
Although the reasons that motivate unions to provide financial services are diverse and contextspecific, clear recurrent motivations and trends can be observed in the research. The **improvement of workers' well-being** and the **fulfilment of their core mandate** is the driving motivation behind the financial services activities.

Union leaders find that their members are not able to access a full menu of affordable financial services to meet their needs, and the leaders believe that the unions could play a more effective role in promoting financial inclusion.

Types of financial products currently offered:

- Saving and investing
- Borrowing
- Payment Services
- Insurance

TO INCREASE
THE
WORKERS'
WELL-BEING



What are the main benefits of offering financial products?

The unions recognize that their own organizations benefit along with their members. Three key union benefits were identified as a result of providing financial services.

- 1 Better fulfilling their mandate to empower workers and safeguarding their social and economic well-being
- 2 Increasing membership
- 3 Building longer and stronger union-member relations as a result of increased contact with members

Also, “improved image of the union” and stronger links with external partners’ featured in 75% of the cases. Furthermore, long-term financial services, such as life insurance, were ways of retaining long-term relationships with members.

What are the main benefits for your members?

The research highlighted the main benefits for workers, including:

- 1 Access to more affordable, less bureaucratic financial services
- 2 Access to finance for informal and formal workers
- 3 Facilitating factor for the improvement of general employment conditions (e.g. supporting striking workers)

UNIONS
BENEFIT

MEMBERS
BENEFIT

Challenges for setting up the services



The key success factor in setting up a successful program – according to the research - is starting with a deep knowledge and understanding of one’s own circumstances. Conducting a situation analysis that looks into what members need and want, and what they are willing to buy and at which cost; and what resources and capacity the trade union has and can acquire to meet this demand. Such analysis is key to deciding on the best institutional model that responds to the needs and capacities of the members and of the union.

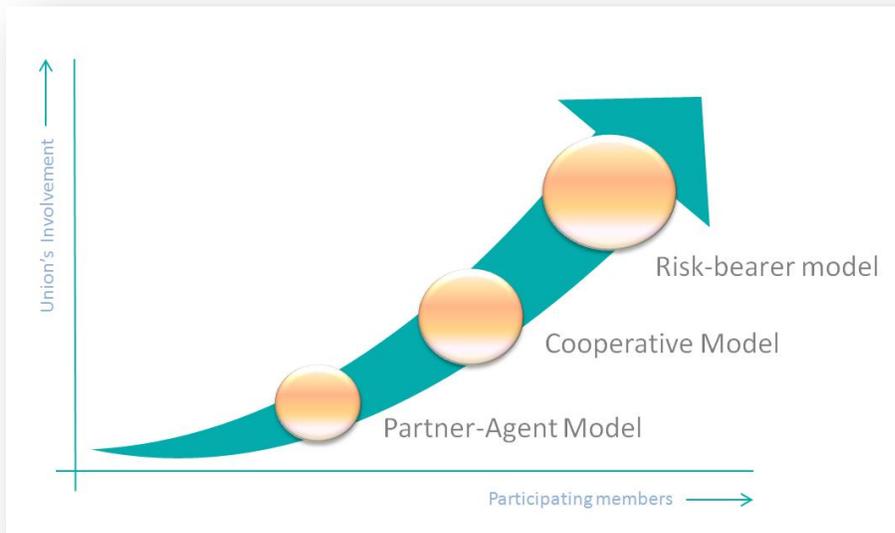
Overall, more benefits were identified than challenges. Nevertheless, each union listed a series of obstacles to the successful service delivery and the continuity of the service. The three main challenges for both unions and workers were:

- 1 Lack of expertise and human resources
- 2 Lack of financial resources to setup and sustain financial activities, particularly due to loan delinquency problems
- 3 Getting workers’ support to set up and use the financial services

CONDUCT AN
ANALYSIS OF
WHAT
MEMBERS
WANT

How to organize the provision of financial services?

There are three main institutional structures to consider: the partner-agent model, the cooperative or mutual model, and the risk-bearer model. Depending on its individual capacity, circumstances, resources and local regulations, a trade union will need to decide which of these approaches makes the most sense.



In the **partner-agent model**, the union acts as an intermediary or agent and enters into a contractual relationship with a financial service provider that administers and distributes financial service(s) to its membership.

In the **cooperative or mutual model**, the union forms a cooperative financial entity owned and controlled by its members who are also users of the service.

In the **risk-bearer model**, the union chooses to serve as or own a risk-carrying financial service provider. This would involve registering the provider as a financial institution. Owning a financial institution is a highly resource-intensive role that requires a high level of capital, talented, experienced, professional human resources and significant regulatory compliance efforts.

HAVE A
STRUCTURE
THAT
SUPPORTS
GROWTH

Best Steps Forward

As the research clearly concludes, both the members and the union benefit tremendously by offering financial services to its members. The main challenge for the union of course, is to find the capacity and the knowledge for setting up a successful program. But simply diving into a partner-agent model might not serve the long term option of being able to scale the program up to a next level.

Azalea Maritime Benefits is set up to support you and your members both for the short term and the long term. We have all means to analyze your members' needs and to create the best solutions. When the option is there we will help you to transfer it to a next model, in which you and your members are the owner of the initiative.

We do the work, you get the credits.

**WE HELP
MARITIME
UNIONS TO
CONNECT,
UNITE AND
PROTECT
SEAFARERS
WITH OUR
FINANCIAL
SERVICES.**

- ✓ We will create the perfect support for your members, giving you exclusive rights to offers this to your members.
- ✓ Our high-tech back office and support department will give you peace of mind, because we handle all the work while you get the credits.
- ✓ Azalea has more than 20 years of international experience with unions and associations. We understand your needs!
- ✓ We have more than 15 years of experience in finding, negotiating and realizing insurances giving you the best deal out there.
- ✓ All communication will include your brand, because it's your organization that makes this happen and wants to build a long term relationship with seafarers.



AZALEA MARITIME BENEFITS BV.

CALL US: +31-102.772.000

OR GO TO OUR WEBSITE FOR MORE INFORMATION:

WWW.AZALEAMARITIMEBENEFITS.COM