

# Thrift and Credit Cooperatives



Thrift and credit cooperatives are those whose members are people having the same occupation or living in the same community. Its main purpose is to promote savings among members and provide loans for productive investment.





## Background

The continuously increasing living cost has become a big burden for those in the low income group as they never earn enough to cover their daily needs. They tend to deal with this problem through money-lenders who charge them very high interest rates. By doing so, their debt situation worsens and becomes increasingly serious.

However, this money problem lessened when they join together under the cooperative principles of self help and mutual help. The first cooperative in this regard was formed among officials of the Cooperative Promotion Department and employees of the Bank for Agriculture and Agricultural Cooperatives (BAAC). It was registered on 28 September 1949 as the Cooperative Official's Cooperative Limited which is presently named the Cooperative of Cooperative Officials, Ltd. On the other hand, the Soon Klang Thewa Credit Union Cooperative was established as the first community savings cooperative in the slum area of Huai Khwang and Din Daeng districts, Bangkok on 25 July 1965.

## Objectives

Being a financial institution, the specific objectives of thrift and credit cooperatives are

1. Encouraging thrift among members. To encourage saving habits, the cooperative currently offers two types of savings:-
  - 1.1 Shares. All members are required to pay monthly shares at rates agreed upon by both the members and their cooperatives. The shares may be deducted directly from monthly salaries. Dividends can be paid to members at specified rates without tax deductions. When resigning from a cooperative, the member can withdraw his/her shares.

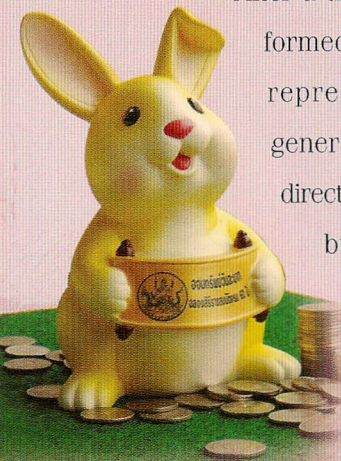




- 1.2 Deposits. Both current and fixed deposits are generally offered to cooperative members. The deposit interest rate may be equal to, or higher than commercial bank rates depending on the financial status of each cooperative.
2. Providing loan services to members. Members' shares and deposits comprise a significant part of the loan funds made available to members with interest charged usually at rates lower than that of the prevailing market rates. The three general types of loans provided by this cooperative type are:
- 2.1 Emergency loans. In crisis or emergency cases, a member may borrow up to half of his/her monthly income, depending on the cooperative's financial status, without collateral. Repayment is normally made in two installments.
- 2.2 Ordinary loans. The cooperative can provide an ordinary loan, again, depending on its financial status. This can be between 4 to 15 times of the member's monthly income or within the range of 40,000 to 300,000 baht with one other member acting as guarantor. Normal repayment in this regard ranges from 24 to 72 installments. The maximum amounts allowed for emergency and ordinary loans are based members' incomes.

- 2.3 Special loans. When the cooperative extends its services to housing and investment purposes, a member may borrow the actual amount required for constructing or purchasing houses, land and other real estate, generally, not exceeding the ceiling amount of between 400,000 to 1,000,000 baht. The repayment period is between 10 to 15 years, using real property as collateral.

### Cooperative Operations



After a thrift and credit cooperative is formed, the members elect their representatives at the annual general meeting as the board of directors to administer cooperative business. The board meets at least once a month to determine operational policies to be implemented by the cooperative staff.

The staff normally include a manager, an assistant manager, accountants, bookkeepers, etc., depending on the cooperative's size and financial situation.

Thrift and credit cooperatives raise capital funds through shares, deposits, reserve funds, loan funds, and support funds or donations.



STOCK	1225	1225	PHAI	3875	2075
1225	108	108	ATEC	2050	15
1025	1050	1050	TMB	1475	+E
4175	42	42	SCIB	2150	NFS-W
450	450	450	RAY	+6550	45
2075	2075	2075	TA	4475	230
980	980	980	ADVANC	228	230
870	870	870	NFS	+3375	+3
880	880	880	DS	+3475	+3
70235					
130	130	130	TOP GAIN		CLOSE
070	070	070	IFCT-W	980	990
860			IS-W	4775	43

### Rights and Responsibilities

In its essence, a cooperative belongs to its members. Effective and efficient management of the cooperative is ensured when members exercise their rights and responsibilities properly.

The most important responsibility of the individual member is attendance at the annual general meeting. The meeting gives him/her the opportunity to protect membership rights, a fair sharing of benefits and opportunity monitor cooperative operations. It also provides a forum to determine general policies, elect board of directors members and assign tasks to further benefit all the members. Within the framework of cooperative principles, laws, regulations and procedures, members must discuss problems together, share ideas and exercise the right to vote on board of directors and meeting resolutions.

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The Cooperative Promotion Department  
Ministry of Agriculture and Cooperatives

