Credit Union HISTORY

– IT'S A – MONEY THING™

For more than 100 years, credit unions have provided financial services to their members in the United States

Credit unions are unique depository institutions created not for profit, but to serve their members as credit co-operatives.

A BRIEF HISTORY OF CREDIT UNIONS IN THE UNITED STATES

1800s ENGLAND & GERMANY

The earliest financial co-operatives date back to the beginning of 19th century in England. A few decades later, credit unions took root in Germany. These early credit unions became the model for today's credit unions in the United States.

Distinguishing features of these early credit unions included:

- *Democratic governance*
- *Each member has one vote, regardless of the size of the member's deposits*
- *Member-elected board of directors*
- *Volunteer based*



Alphonse Desjardins

1900 LÉVIS, QUEBEC, CANADA

The credit union concept crossed the Atlantic to Lévis, Quebec, where Alphonse Desjardins organized La Caisse populaire de Lévis. A former journalist and the French-language stenographer for the Canadian House of Commons, Desjardins became aware of moneylenders charging outrageous interest. In response, he organized this first credit union in North America to provide affordable credit to working-class families.

1909 MANCHESTER, NEW HAMPSHIRE

Desjardins helped a group of Franco-American Catholics organize St. Mary's Cooperative Credit Association. This first credit union in the United States opened its doors in 1909.



Edward Filene

1909 MASSACHUSETTS CREDIT UNION ACT

As a result of the efforts of Edward Filene, a merchant and philanthropist, and Pierre Jay, the Massachusetts Banking Commissioner, the *Massachusetts Credit Union Act* became law on April 15, 1909. The Massachusetts law served as a basis for subsequent state credit union laws and for the *Federal Credit Union Act*, which became law 25 years later.

1920s GROWING POPULARITY

Families had more money to save and could afford products like automobiles and washing machines. However, they often needed a source of inexpensive credit to purchase these goods. The popularity of credit unions grew because commercial banks and savings institutions generally showed limited interested in offering such consumer loans.

1920 MASSACHUSETTS CREDIT UNION ASSOCIATION

Edward Filene hired Roy Bergengren, a poverty lawyer, to manage the Massachusetts Credit Union Association and to promote the development of credit unions. Within a year, Massachusetts chartered 19 new credit unions.



In 1924, Joseph Stern, an artist at the Boston Herald, created the "Little Man Under the Umbrella" as the first logo of the credit union movement. During World War II, the "Little Man" appeared in uniform, carrying a knapsack and a rifle, and he also rode on a tank!



Franklin Delano Roosevelt

1934 FEDERAL CREDIT UNION ACT

In 1934, President Franklin Delano Roosevelt signed the *Federal Credit Union Act* into law, creating a national system to charter and to supervise federal credit unions.

1925–1930 GOING NATIONAL

Encouraged by this early success, Filene organized and Bergengren managed a national association—the Credit Union National Extension Bureau—to promote the establishment of credit unions throughout the United States. By 1925, 26 states had enacted laws to charter credit unions. By 1930, 32 states had adopted credit union laws, with a total 1,100 credit unions.

Credit unions weathered the Great Depression with no major losses.

1946 WOMEN GAIN PROMINENCE

Dora Maxwell organized 120 credit unions in New York City in a five-month period. Other women prominent in the movement during this period include Louise Herring, Evelyn Higgins and Agnes Gartland.

1948 FIRST CREDIT UNION DAY

The first national Credit Union Day was celebrated on the third Thursday of October. The observance grew into International Credit Union Day.®

6,000,000 members

The credit union movement grew steadily in the 1940s and 1950s. By 1960, credit union membership amounted to more than 6 million individuals belonging to more than 10,000 federal credit unions.

1970 NATIONAL CREDIT UNION ADMINISTRATION

The National Credit Union Administration (NCUA) became an independent federal agency. Congress also created the National Credit Union Share Insurance Fund (NCUSIF) to protect deposits at credit unions.

In 1974, a new hands-and-globe symbol was introduced to unify credit union identification across the nation.

1977 CREDIT CARDS INTRODUCED

A few select credit unions began offering Visa credit cards in a pilot program.

1970s & 1980s TREMENDOUS GROWTH

The number of credit union members more than doubled during the 1970s, and credit union assets tripled to more than $65 billion.

In the 1980s, deregulation, expanded member services, and increased flexibility in mergers and in field of membership criteria contributed to the continued growth of the credit union movement.

1990s CONTINUED EXPANSION

During the 1990s and into the 21st century, credit unions grew steadily in assets, shares and members. Failures remained generally low, and the NCUSIF maintained a healthy equity level.

1998 CREDIT UNION MEMBERSHIP ACCESS ACT

President Bill Clinton signed the *Credit Union Membership Access Act*. Previously, membership in credit unions was generally limited to select groups with a pre-existing common bond, often employees of a particular company or trade. The Act opened up membership eligibility to include much larger loosely defined groups.

AMERICA'S CREDIT UNIONS®

In 2000, the Credit Union National Association (CUNA) launched a national brand campaign, introducing a new logo and the slogan "America's Credit Unions: Where people are worth more than money."

2000s SURVIVING THE ECONOMIC DOWNTURN

Steady growth continued in the early 2000s. Then the nation's financial system faced profound and unprecedented threats to its stability in 2008 and 2009. A steep drop in global financial markets triggered the most severe economic downturn since the Great Depression.

While there were challenges, the U.S. credit union system remained strong overall during the financial crisis.

2010 & BEYOND A BRIGHT FUTURE

Through the recovery, the credit union industry saw unprecedented growth as more and more American consumers discovered that credit unions were a great alternative to the large national banks.

The credit union system, which embraces technology and is well capitalized, is safe and sound, and serves more Americans than ever.

AMERICAN CREDIT UNIONS TODAY

Nearly 7,000 credit unions | **More than 100 million members** | **More than $1 trillion in assets**

BROUGHT TO YOU BY

FIRST CREDIT UNION

Sources: National Credit Union Administration (NCUA), Credit Union National Association (CUNA)

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