

Introduction to Credit Unions

S1304

FIRST EDITION

Written by Karen Bankston

Center for Professional Development
CUNA & Affiliates

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Stock No. S1304M

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Printed in the United States of America

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Acknowledgments

Karen Bankston has been writing about credit unions and member service since 1995. A former newspaper and magazine writer/editor, Bankston is the author and editor of several manuals in the Staff Training and Recognition (STAR) Program, including *Helping Members Understand* and *Solve Problems: Your Role as Financial Educator* (S1110), *Member Service: Exceeding Expectations* (S1300), and the most recent edition of *Bankruptcy and Court Proceedings* (S400). Bankston also writes white papers for the CUNA Councils and is a regular contributor to credit union and business journals. Her freelance writing and editing business, Precision Prose, is based in Stoughton, Wisconsin.

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The author would like to thank Catherine Izor and Jeremiah Cahill, who developed the CU Advance course on which this module is based. Thanks also to CUNA's editorial and design staff for their creative and careful work on this project and the many credit unions whose dedication to member service provided practical examples of the "credit union difference" for this module.

Preface

About These Courses

The STAR courses are not intended to provide legal advice, and we do not guarantee the information is appropriate for all state-chartered credit unions. If you have any legal or policy questions, contact your credit union president or your credit union league.

How to Use This Course

If you are sight-impaired and choose to have this course read to you, we suggest that a spouse, partner, friend, or volunteer from your credit union or credit union league assist you. You can also check with your local library regarding reader services available in your community.

If you are participating in a seminar, your instructor will get you started.

If you are completing this course through correspondence study, please follow this procedure:

1. Read the chapter opening objectives to get an idea of what's ahead.
2. Read the text. Complete the activities as you read each chapter. (Answers for many of the activities are included in the appendices.)
3. When you have read the text and completed the activities, take the competency test.

Competency Test Instructions

Each course in the STAR program has a competency test of 40 multiple choice questions. To successfully complete the course, you must correctly answer at least 32 questions. You can refer to the text as you take the test, but the test must be completed individually.

If you are participating in a seminar, your instructor will provide directions. If you are completing this course through correspondence study, please follow this procedure:

1. Locate the test questions in the last appendix of the text.
2. Find a quiet place where you can work undisturbed and at your own pace.
3. Record your answers on the answer sheet that was mailed to you along with the text. Follow the instructions on this sheet for marking answers.
4. Complete the identification section on the answer sheet and make sure you have marked an answer for each question.
5. Mail the scannable answer sheets to CUNA's National Processing Center in the envelope provided. Mail competency test answer sheets to your league education department.

Core Courses Required for All Tracks

choose one of these modules {		S1304 Introduction to Credit Unions A1004 Introduction to Credit Unions and S20 Member Relations S30 Security	
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Introduction

Credit unions have been around for a long time, and they serve more Americans today than ever before. Even so, many people are confused about what credit unions are and whom they serve. Consider these comments and questions:

“I can’t join a credit union, because I’m not a union member.”

“How much in dues do members have to pay?”

“The credit union that used to serve the company I work for changed its name, so I guess I can’t join now.”

“Credit unions make car loans, right? I’d rather manage my money with a bank that offers all the financial services I need.”

And don’t forget the most common question:

“Join a credit union? Isn’t that kinda like a bank?”

If you’re a frontline credit union employee working as a teller, member service representative, call center representative or greeter, you’ve probably already learned a lot about the basics of your job.

How to greet members, how to conduct transactions, how to use the phone and computer systems, where to refer members who have questions about other products and services—all those tasks are important. By performing your job courteously, accurately, and promptly, you are helping the credit union fulfill its promise of delivering high-quality service.

Occasionally, a member or an acquaintance may ask about your credit

union: Who can join? What services does it offer? And most commonly, what makes a credit union different from a bank?

This text explains those essential differences. You’ll learn about the history of the credit union movement and how credit unions have changed over the decades to become full-service financial institutions serving a more diverse membership.

This module introduces the concept of financial cooperatives and the benefits to members of being part-owners in their credit union. It explores how the cooperative concept translates into low-cost, high-quality financial services for members of widely varying income levels, ages, and household circumstances.

By the time you complete this module, you should be able to respond with confidence to questions about what sets credit unions apart from their competitors in the financial services industry.

Chapter 1 introduces the notion of the credit union difference—the twin philosophies of “not for profit, not for charity, but for service” and “people helping people.” It traces the history of American credit unions from the founding of the first financial cooperative a century ago to a recent court battle and public policy debate that rallied support for credit unions.

Everyone talks about customer service, but credit unions deliver. Chapter 2 explores the broad range of products and services credit unions offer today, along with the key differences that set

credit union products apart from those offered by banks and other financial service providers.

The credit union movement begins with members and their credit unions and widens out to include a variety of regional, state, national, and international organizations. Chapter 3 introduces the government agencies that regulate credit union operations and provide safeguards for members' deposits.

Chapter 4 addresses another credit union difference—how they're involved in their local communities through charitable and community events, disaster relief efforts, and support of financial literacy for all Americans. It discusses the special programs offered by community development credit unions and the World Council of Credit Unions in extending access to financial services from underserved neighborhoods in the United States to the far corners of developing countries.

In Chapter 5, you have the opportunity to explore your own credit union and what makes it unique. In addition, you can begin to plan your career in the credit union movement. This module concludes with an invitation to become a “secret shopper” and find out for yourself what sets your credit union apart from nearby banks and to develop your own “script” to explain those differences to members.

The essential concepts of the credit union movement are modeled through scenarios of a fictional financial cooperative, ABC Educators Credit Union, presented throughout this module. Each chapter includes activities to reinforce your understanding of those key concepts, and a Play Page suggestion connects to interactive exercises and resources online. A glossary is included for easy reference to key credit union terms.


How is your credit union different from a bank? To find out, start reading!


Icons and Play Pages


Throughout this module you will see a variety of reference icons. Each icon represents a corresponding activity or exercise that will enhance each chapter. The purpose of the activity or exercise is to allow the participant to apply a corresponding concept or theory presented in the chapter.


Each icon may also be referenced as a “play” activity. That is our goal—to encourage you to play, and at the same time learn about the major concepts covered here.


Resources


- 


Activity: An interactive exercise to further your knowledge.
- 

Calculator: A flash calculator to aid in your calculations.
- 

Community Chat: A chat room where you can discuss content with others taking the course.
- 

Field Trip: An additional resource located outside the online course (for example, an instructional video).
- 

Knowledge Check: A practice activity to test what you have learned.
- 

Resource: Additional resources and information on the topic.
- 

Timeline: An interactive timeline to learn more about the history of this topic

In addition, the “Play Page” is a place to experience some of the interactive, online learning activities available in CUNA’s CU Advance courses.

To access the Play Page for this module, go to <http://training.cuna.org/playpage/index.html> or go to www.cuna.org and type “Play Page” into the Search Box. Select the title of this module, and then the chapter you want to review.

Enjoy!