CUNA-League System
SMALL CU WEBINAR SERIES

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History & Philosophy of the Credit Union Movement

CUNA – League System Small Credit Union Webinar Series

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The Association of Vermont Credit Unions
• Non-profit corporation with seven FTEs providing a variety of trade association services.
• 18 Vermont members and two associate member credit unions from New York state.
• Promote the movement and a favorable public attitude toward credit unions.
• Members receive legislative advocacy, regulatory and compliance assistance, training and staff development opportunities, networking, and business support services.
From the Captain: *Please fasten your seat belts and make sure your tray tables are in their locked and upright positions*

170 years of credit union history coming at you in twenty minutes!

- 1850’s & 1860’s Germany – Friedrich Wilhelm Raiffeisen organizes employer bond & rural agriculture-based cooperative financial institutions
- By end of the 19\textsuperscript{th} Century, “credit unions” have spread throughout Europe
- January 1901 – *Caisse populaire de Lévis* in Quebec founded by Alphonse Desjardins
- November 1908 – St. Mary’s Cooperative Credit Association, **Joseph Boivin** (*volunteer* manager)
- Later becomes St. Mary’s Bank – Only credit union in the U.S. permitted to use that word in its name
170 years of credit union history in twenty minutes!

- 1909 Pierre Jay (banker), Edward Filene, and Roy Bergengren work successfully for the passage of the Massachusetts Credit Union Act.
- 1921 Filene establishes Credit Union National Extension Bureau to seek enactment of legislation in all states
- Appoints Bergengren Executive Secretary
- By 1930, 32 states had adopted credit union laws and there are some 1,100 credit unions nationwide
170 years of credit union history in twenty minutes!

- 1934 - President Franklin D. Roosevelt signs the Federal Credit Union Act into law
- Credit Union National Association (CUNA) founded in Estes Park, CO by pioneers Bergengren, Filene, Dora Maxwell, Louise McCarren Herring & others
170 years of credit union history in twenty minutes!

Photo Courtesy of America’s Credit Union Museum and CUNA Research Center
May 24, 1947 – Driven by Roy Bergengren’s efforts, the Vermont CU League (later to become AVCU) is founded

1951 – Passage of the U.S. Revenue Act grants all credit unions an exemption from paying federal income tax. (Joe will discuss later why this exemption is still so important)

1952 – Nearly 6,000 U.S. Credit Unions with more than 2.8M members

EoY 1960 – Almost 10,000 Credit Unions with 6.1M members and more than $2.7 billion in assets
• 1970 – Congress creates the NCUA as an independent agency to charter and supervise federal credit unions. Lieut. General Herman Nickerson, Jr. becomes first NCUA Administrator

• 1970 – The National Credit Union Share Insurance Fund is formed, insuring share deposits at federally insured credit unions up to $20,000. Prior to the NCUSIF, credit unions operated without federal deposit insurance.

• The NCUSIF is entirely funded by participating credit unions. Not one penny of insured savings has ever been lost by a member of a federally insured credit union.
170 years of credit union history in twenty minutes!

- 1970 to 1980 – Shift from “Smokestack” to “Service” economy causes business failures, threatens solvency of many single employer credit unions
- 1981 – In response, NCUA adopts multiple Select Employee Group policy
- More than 7,000 groups join existing credit unions under the new policy
- By the end of 1981 …
  - Membership approaches 29 million
  - Total system assets surpass $100 billion
  - Deposits have risen 20.7%
  - Number of loans has grown 17.2%
  - Assets increase by 19.8%
- By the end of 1990, there are nearly 13,000 federally insured credit unions nationwide holding $223 billion in assets with more than 61 million members
170 years of credit union history in twenty minutes!

Credit Union Membership Access Act (H.R. 1151)
6,000 credit union advocates rally at the U.S. Capitol on July 14, 1998
1998 – Credit Union Membership Access Act (H.R. 1151)

- Culmination of a multi-year battle from lower courts to the Supreme Court
- AT&T Family CU opened Asheboro, N.C. branch to serve sponsor AT&T’s employees
- Bankers and the ABA lawsuit alleged violation of “common bond” in 1934 FCU Act
- NCUA previously granted FOM expansion to serve groups not related to AT&T
- Supreme Court ruled CUs can’t consist of two+ occupational groups as common bond
- Massive nationwide grassroots effort – “The Credit Union Campaign for Consumer Choice”
- Congress needed to be convinced they could support consumers and not be harmed politically by voting against the powerful bank lobby
- April 1, 1998, the House voted to pass H.R. 1151 by a vote of 411-8, and the Senate passed the bill 92-6 on July 28, 1998. Five months after the original Supreme Court “common bond” decision, President Bill Clinton signed H.R. 1151 into law.
# Credit Unions by the Numbers: United States / International

**United States (Q1 2020)**
- Credit Unions: **5,195 (FICUs)**
- Assets: **$1.64 trillion**
- Members: **121.4 million**
- Shares / Deposits: **$1.3 trillion**
- Loans: **$1.1 trillion**

**International**
- Co-Op FIs: **89,000** (118 countries, 6 continents)
- Assets: **$2.19 trillion (USD)**
- Members: **280 million**
- Shares / Deposits: **$1.8 trillion (USD)**
- Loans: **$1.61 trillion (USD)**

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**World Council of Credit Unions 2018 Annual Report:** “Our goal was to reach 260 million members by 2020. World Council launched several exchanges, publications and showcases ... country members took on the challenge of membership growth as their own and applied their resources and their talent to the vision. We have already achieved the target of 260 million members.”
Communicating the Credit Union “Difference” Through the Years

The purpose of 1934’s Federal Credit Union Act was to make credit available to Americans and promote **thrift** through a national system of nonprofit, cooperative credit unions.

thrift /THrift/ (noun) – (the quality of using money and other resources carefully and not wastefully.)

- Borrowing responsibly …
- Budgeting …
- Managing credit …
- Saving for the future …
- Spending wisely …
- Does any of this sound familiar?
Communicating the Credit Union “Difference” Through the Years

2007 - Common Wealth (Servus) CU in Edmonton … Young & Free Alberta

- Facebook was a student-only environment, Twitter & YouTube in infancy
- High school Financial Reality Fairs didn’t exist
- Idea – find and pay a young spokesperson to explain (i.e. market) CUs to peers 19-25
- Purpose – To give young adults a voice and a head start on financial literacy
- Found and hired 19-year old Larissa Walkiw who made the following video ….
Communicating the Credit Union “Difference” Through the Years

Hi There.
Communicating the Credit Union “Difference” Through the Years

“How is it, that in the 100 or so years that credit unions have existed, no credit union executive, no ad agency creative genius, no anybody for that matter, has been able to articulate the difference between credit unions and banks as well, as artistically, and as entertainingly as the 19-year old Canadian that did this video?”

- Ron Shevlin, Director of Research, Cornerstone Advisors

Where is Young & Free today?

- Multiple U.S. CUs and leagues bought in or considered
- Larissa – Sr. Designer & Animator, Currency Marketing
- Progenitor of HS Financial Reality Fairs as well as other creative financial literacy initiatives … and
- Quite possibly Crash and a major inspiration for the nationwide Credit Union Young Professional Movement
What’s the Next Big Idea?

- CUNA – Multiple nationwide branding campaign efforts
- www.aSmarterChoice.org – launched in 2011, retired December 2019
- Open Your Eyes to a Credit Union
- Social media engagement on mobile devices
- Three-year awareness campaign targeting those “in market for financial services” age 25-54

Communicating the Credit Union “Difference” Through the Years
Understanding the Organizational Structure of Credit Unions and Other Cooperatives
THANK YOU SO MUCH FOR JOINING US TODAY!
We’re happy to respond to any questions.

Joe Bergeron
President

John Cote
Director, Information Services