The History of Credit Unions

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History of Credit Unions

• The credit union movement began with a simple idea – that people could achieve a better standard of living for themselves and others by pooling their savings and making loans to neighbors and co-workers.
History of Credit Unions

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

• What is their history?
• How did they get started?
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• The Credit Union movement began in Germany.
• In 1848, Herman Schulze-Delitzsch organized a cooperative mill, bakery, and other cooperative credit endeavors.
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• In 1864, Frederich Wilhelm Raiffeisen organized a similar cooperative for farmers.

• These early credit unions became the models for today’s credit unions in the U.S.
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• The key principles of the movement were:
  • Volunteerism
  • Self Help
  • One Member, One Vote
  • Consideration of a person's character as well as net worth
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- Alphonse Desjardins, a Canadian journalist, proved to be instrumental in bringing the movement to the United States
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- At the start of the 20th century, Desjardins became aware of loan sharks charging outrageous interest.
- In response, he organized this first credit union in North America to provide affordable credit to working class families.
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Nearly a decade later, Desjardins helped a group in Manchester, New Hampshire, organize St. Mary’s Cooperative Credit Association. The first credit union in the United States opened its doors in 1909.
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• 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 April 15, 1909.
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• Edward Filene and Roy Bergengren were convinced cooperative credit would work in the United States.
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• In 1934, President Franklin Delano Roosevelt signed the Federal Credit Union Act into law, creating a national system to charter federal credit unions.
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August 10, 1934 – Constitution and Bylaws of the Credit Union National Association signed at Estes Park, Colorado.
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• In 1948, the first Credit Union Day is celebrated on the 3rd Thursday in October.
• The observance grew into International Credit Union Day.
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- Credit Union membership experiences rapid growth.
- By 1952, the number of credit unions jumps to 12,280.
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• The Federal Credit Union Section was also formed, which created a National System to charter and supervise Federal Credit Unions
  • Housed at the Farm Credit Administration
  • Then moved to Department of Agriculture
  • National Credit Union Administration was created in 1970
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• In 1998, President Bill Clinton signed into law H.R. 1151, The Credit Union Membership Access Act.
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- Credit unions in the Carolinas were born of unique versions of a similar story. Each saw cause for applying cooperative principles in extending credit among those hard pressed to find it through traditional means.
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• John Sprunt Hill, the "Father of Rural Credit," played a huge role in the development of the credit union movement in NC.
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• Exterior of the Lowe's Grove Credit Union, 1916.
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- South Carolina began as earnestly, passing a credit union law in 1915. However, it would be unused until 1921 when credit union patriarch Roy F. Bergengren met with Clemson University professors to organize the Clemson College Cooperative Credit Union and open it in 1922.
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• What is the difference between a credit union and a bank?
• Who owns the credit union?
• Do credit unions pay taxes?
• Do board members get paid?
• Who can join?
History of Credit Unions

• Not for profit
• Taxation
• Ownership
• Volunteer Boards
• Membership Eligibility
• Financial Education for members
• People Helping People
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• **Resources**
  - www.carolinasleague.org
  - www.woccu.org
  - www.ncua.gov
  - www.acumuseum.org
  - www.mycreditunion.gov
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