

Notes and Brief Reports

State-Chartered Credit Unions in 1958*

Credit unions operating under State charters reported record levels of activity for 1958, although growth was slowed somewhat by the unsettled business conditions that prevailed during the second half of 1957 and the early months of 1958. The economic outlook brightened considerably as the year moved along, but unemployment remained spotty as some industries experienced difficulty in returning to normal production levels. Although credit union operations were affected in some areas, for the Nation as a whole the rates of increase in savings and in asset accumulation were only slightly less than those a year earlier. The rate of gain for new credit union charters, however, fell off sharply. Loan demand likewise fell off, and the rate of increase in outstanding loans was

substantially less than that in 1957. The slowdown in loan demand, in turn, had a marked effect on credit unions' income, since they derive most of their income from interest on loans to members.

The number of active credit unions chartered under State laws rose to 9,794 by the end of 1958, representing a net increase of 331, or 3.5 percent, for the year. During 1957, active charters had increased 6.3 percent, a net gain of 562.

Assets and shareholdings each increased about 14½ percent in 1958, in contrast to a 16-percent increase in 1957; membership went up 7½ percent in 1958 and 9 percent a year earlier. At the end of 1958, total assets exceeded \$2.3 billion, and the aggregate savings of the 5.3 million members of State-chartered unions amounted to nearly \$2 billion.

As the demand for new loans fell off, the year's increase in the amount of loans outstanding was less substantial (\$177 million or 12 percent) than in 1957 (\$254 million or almost 20 percent). Declining loan activity,

coupled with increasing delinquency in some areas as unemployment persisted, exerted a marked effect on the credit unions' income in 1958. Net income, which had increased \$14.4 million (more than 20 percent) in 1957, rose only \$6.3 million (less than 8 percent) in 1958. Dividend payments to members also recorded a declining rate of increase. Although dividends increased \$6.8 million in the aggregate, the rate of gain—12 percent—was only about half the rate a year earlier.

Despite these indications of a general slowing down in State credit union activities, growth has been substantial during the recent period of generally unfavorable business conditions. In the 2 years 1957 and 1958, the number of credit unions operating under State charters increased 10 percent, membership went up 17 percent, and total assets, savings of members, and members' loans outstanding increased a third.

Real estate loans.—This type of loan is expressly permitted in 26 of the 46 jurisdictions that have a local credit union law and is not permitted in three States—Connecticut, Illinois, and New Jersey. The laws of 17 juris-

Table 1.—Development of State-chartered credit unions, 1925-58

| Year | Number of credit unions | | Number of members | Assets |
|-----------|-------------------------|-----------|-------------------|---------------|
| | Active | Reporting | | |
| 1925..... | 419 | 176 | 108,000 | (1) |
| 1929..... | 974 | 838 | 264,908 | (2) |
| 1931..... | 1,500 | 1,244 | 286,143 | \$33,645,343 |
| 1932..... | 1,612 | 1,472 | 301,119 | 31,416,072 |
| 1933..... | 2,016 | 1,772 | 359,646 | 35,496,868 |
| 1934..... | 2,450 | 2,028 | 427,097 | 40,212,112 |
| 1935..... | 2,600 | 2,122 | 523,132 | 47,964,068 |
| 1936..... | 3,490 | 2,734 | 854,475 | 73,650,146 |
| 1937..... | 3,792 | 3,128 | 1,055,736 | 97,087,995 |
| 1938..... | 4,299 | 3,977 | 1,236,826 | 117,672,392 |
| 1939..... | 4,782 | 4,677 | 1,459,377 | 145,803,444 |
| 1940..... | 5,267 | 5,175 | 1,700,390 | 180,649,090 |
| 1941..... | 5,663 | 5,506 | 1,907,694 | 216,557,977 |
| 1942..... | 5,622 | 5,400 | 1,797,084 | 221,114,849 |
| 1943..... | 5,285 | 5,124 | 1,721,240 | 228,314,723 |
| 1944..... | 4,993 | 4,907 | 1,629,706 | 253,663,658 |
| 1945..... | 4,923 | 4,858 | 1,626,364 | 261,524,015 |
| 1946..... | 5,003 | 4,954 | 1,717,616 | 322,082,553 |
| 1947..... | 5,155 | 5,097 | 1,893,944 | 380,751,106 |
| 1948..... | 5,273 | 5,271 | 2,120,708 | 443,049,653 |
| 1949..... | 5,427 | 5,402 | 2,271,115 | 510,726,465 |
| 1950..... | 5,602 | 5,585 | 2,482,539 | 599,166,879 |
| 1951..... | 5,891 | 5,886 | 2,732,495 | 693,613,296 |
| 1952..... | 6,362 | 6,324 | 3,035,046 | 853,709,783 |
| 1953..... | 7,096 | 6,986 | 3,380,121 | 1,040,674,693 |
| 1954..... | 7,814 | 7,713 | 3,756,852 | 1,237,175,567 |
| 1955..... | 8,387 | 8,258 | 4,121,421 | 1,476,014,239 |
| 1956..... | 8,901 | 8,763 | 4,548,617 | 1,741,742,069 |
| 1957..... | 9,403 | 9,314 | 4,963,813 | 2,021,144,713 |
| 1958..... | 9,794 | 9,726 | 5,329,111 | 2,312,063,121 |

* Data not available.

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Table 2.—Total amount of loans and amount of real estate loans made by State-chartered credit unions, 24 States, 1958¹

| State | Loans outstanding, end of year | | Loans made during year | |
|----------------------------------|--------------------------------|------------------------|------------------------|------------------------|
| | Total | Secured by real estate | Total | Secured by real estate |
| Total, 24 States..... | \$1,218,548,962 | \$292,848,050 | \$1,253,900,000 | \$76,000,000 |
| Alabama..... | 28,426,367 | 2,893,084 | 36,959,206 | (3) |
| California..... | 168,669,516 | 27,096,758 | 154,504,577 | (2) |
| Colorado..... | 33,071,718 | 4,137,642 | 40,927,391 | 2,606,565 |
| Florida..... | 35,969,419 | 2,910,596 | 48,959,105 | (2) |
| Iowa..... | 37,992,301 | 5,410,715 | 39,418,649 | 1,531,172 |
| Kansas..... | 21,811,532 | 2,195,578 | 26,221,992 | (2) |
| Maine..... | 3,765,000 | 7,000 | (2) | (2) |
| Massachusetts ⁴ | 112,677,162 | 52,737,005 | (2) | (2) |
| Michigan..... | 164,696,896 | 37,605,834 | 157,383,668 | 4,784,000 |
| Minnesota..... | 87,495,758 | 35,899,682 | (2) | (2) |
| Mississippi..... | 2,238,430 | 311,300 | 2,770,986 | 164,498 |
| Missouri ⁵ | 77,346,695 | 15,177,626 | (2) | (2) |
| New Hampshire ⁴ | 5,781,318 | 2,781,147 | (2) | (2) |
| North Dakota..... | 6,680,046 | 785,259 | 5,251,372 | (2) |
| Ohio..... | 101,760,443 | 13,146,723 | 126,952,492 | (2) |
| Oklahoma..... | 18,250,400 | 720,000 | (2) | (2) |
| Oregon..... | 16,593,861 | 1,372,355 | 17,254,166 | 617,657 |
| Rhode Island..... | 41,558,144 | 23,825,893 | 21,391,141 | 4,964,450 |
| Texas..... | 75,571,176 | 4,844,063 | 103,850,196 | 1,971,300 |
| Utah..... | 23,684,317 | 2,960,751 | 22,403,641 | 1,254,597 |
| Vermont..... | 2,585,454 | 426,189 | (2) | (2) |
| Washington..... | 40,883,811 | 3,843,276 | 49,980,376 | 1,419,446 |
| West Virginia..... | 260,503 | 2,518,411 | 2,652,251 | (2) |
| Wisconsin..... | 118,520,787 | 51,494,051 | 79,541,962 | 13,121,938 |

¹ States reporting on real estate loans. Data are for calendar year, unless otherwise noted.
² Includes estimate for States not reporting.

³ Data not reported.
⁴ Fiscal year ended June 30.
⁵ Fiscal year ended Sept. 30.

dictions are silent with respect to real estate loans, and in some of them such loans are deemed permissible. Eight of the 24 States that reported on the real estate lending activities of the credit unions in 1958 indicated that real estate loans are neither expressly permitted nor forbidden in their credit union laws.

Real estate loans accounted for almost a fourth (24 percent) of the total amount of loans outstanding at the end of the year in the 24 States reporting such loans. The proportions range from less than 10 percent in six States to more than 40 percent in five and to more than 50 percent in

one of the five (table 2). Real estate loans also made up a growing share of all outstanding loans in the 24 States. While the total amount of loans outstanding increased at the same rate as in the Nation as a whole (10.9 percent), outstanding real estate loans in these States increased 12.7 percent and amounted to almost \$293 million at the end of 1958.

On the basis of data reported by 17 of the States making real estate loans, it is estimated that loans made for all purposes in all 24 States during 1958 amounted to \$1,254 million—about one-tenth more than in 1957. An estimated \$76 million in new loans

was secured by real estate mortgages; this amount accounts for 6 percent of all new loans made in these States in 1958 and represents an increase of about 15 percent from the amount loaned for real estate purposes during 1957.

Activities by States.—Table 3 shows information relating to operations in 1958 for 45 of the 46 jurisdictions that have a State credit union law. (The report for Arkansas was not received in time to be included in the final tabulations.) The totals include estimates for items for which complete information was not reported; among the latter are number

Table 3.—Operations of State-chartered credit unions, 1958

| State | Law enacted | Number of credit unions | | Number of members | Loans outstanding, end of year | Paid-in share capital | Reserves | Total assets | Net earnings | Dividends on shares |
|-----------------------------|-------------|-------------------------|--------------------|-------------------|--------------------------------|-----------------------|--------------|------------------|---------------------------|---------------------------|
| | | Active | Re-reporting | | | | | | | |
| Total, 1957 ¹ | | 9,463 | ² 9,314 | 4,963,813 | \$1,520,988,859 | \$1,708,531,211 | \$96,702,617 | \$2,021,144,713 | ³ \$83,264,850 | ⁴ \$57,454,907 |
| Total, 1958 ¹ | | 9,794 | 9,728 | 5,329,111 | 1,697,666,464 | 1,958,384,577 | 113,422,813 | 2,312,053,121 | 89,600,742 | 64,214,950 |
| Alabama | 1927 | 130 | 130 | 83,286 | 28,426,367 | 34,804,888 | 1,366,851 | 39,874,027 | 1,075,402 | 1,485,656 |
| Arizona | 1929 | 56 | 56 | 16,675 | 5,352,773 | 4,960,845 | 117,851 | 5,897,659 | 238,295 | 163,925 |
| Arkansas ⁵ | 1931 | | | | | | | | | |
| California | 1927 | 605 | 605 | 477,782 | 168,669,516 | 179,681,691 | 8,224,554 | 206,537,213 | 9,208,747 | 6,357,729 |
| Colorado | 1931 | 155 | 155 | 83,959 | 33,071,718 | 35,388,631 | 1,506,511 | 40,731,545 | 1,889,462 | 1,148,335 |
| Connecticut | 1939 | 159 | 159 | 47,638 | 11,856,413 | 15,416,652 | 510,623 | 17,041,613 | 615,158 | 419,738 |
| District of Columbia | 1932 | 17 | 17 | 20,967 | 3,891,042 | 4,695,911 | 5,422,174 | 215,925 | 168,275 | |
| Florida | 1929 | 298 | 285 | 116,599 | 35,969,419 | 39,576,208 | 2,485,257 | 44,949,606 | 2,230,570 | 1,379,690 |
| Georgia | 1925 | 159 | 159 | 80,259 | 24,168,761 | 436,430 | 1,257,361 | 33,329,731 | | |
| Idaho ⁴ | 1935 | 64 | 55 | 9,743 | 1,447,982 | 1,800,905 | 38,885 | * 1,900,000 | 67,703 | 30,857 |
| Illinois | 1925 | 1,505 | 1,505 | 731,708 | 204,985,174 | 287,123,376 | 17,824,884 | 317,041,231 | 12,181,528 | 9,395,501 |
| Indiana ⁶ | 1923 | 157 | 157 | (⁷) | 26,657,054 | 33,199,366 | 1,750,343 | 36,893,120 | (⁷) | 171,496 |
| Iowa | 1925 | 316 | 316 | 117,481 | 37,992,301 | 47,289,084 | 2,393,821 | 53,101,134 | 1,937,358 | 1,522,432 |
| Kansas | 1929 | 206 | 206 | 76,340 | 21,811,532 | 27,927,694 | 906,504 | 31,197,608 | 1,319,303 | 859,212 |
| Kentucky ⁶ | 1922 | 128 | 128 | (⁷) | 17,560,976 | 20,775,490 | 1,327,124 | 23,625,386 | (⁷) | (⁷) |
| Louisiana | 1924 | 101 | 101 | (⁷) | 11,498,791 | 12,573,246 | 819,198 | * 15,000,000 | 770,567 | 529,378 |
| Maine | 1939 | 13 | 13 | (⁷) | 3,765,000 | 4,283,000 | 93,000 | 4,950,000 | 201,000 | 140,000 |
| Maryland | 1929 | 44 | 44 | 54,323 | 15,738,331 | 15,866,611 | 1,020,456 | 20,232,413 | 990,333 | 668,391 |
| Massachusetts ⁶ | 1909 | 469 | 469 | 402,011 | 112,677,162 | 138,755,832 | 13,384,421 | 171,800,466 | 4,920,858 | 3,941,668 |
| Michigan | 1925 | 639 | 625 | 385,302 | 154,696,896 | 175,586,181 | 7,428,604 | 198,498,091 | 7,783,951 | 5,662,786 |
| Minnesota | 1925 | 403 | 402 | 195,337 | 87,495,758 | 86,826,210 | 4,560,717 | 106,543,097 | 3,605,037 | 2,921,382 |
| Mississippi | 1924 | 29 | 29 | 11,837 | 2,238,430 | 3,126,968 | 169,738 | 3,587,318 | 218,437 | 171,496 |
| Missouri ⁷ | 1927 | 541 | 522 | (⁷) | 77,346,695 | 97,614,519 | 4,463,285 | 107,445,345 | 2,713,861 | 2,647,576 |
| Montana | 1929 | 28 | 28 | 5,207 | 1,273,187 | 1,226,466 | 61,349 | 1,505,199 | 67,202 | 26,685 |
| Nebraska | 1919 | 74 | 74 | 32,738 | 10,994,019 | 13,295,299 | 551,920 | 14,555,495 | 739,080 | 488,523 |
| New Hampshire ⁶ | 1921 | 36 | 36 | 17,514 | 5,781,318 | 3,666,255 | 216,042 | 7,352,213 | 279,958 | 97,143 |
| New Jersey | 1924 | 70 | 70 | 37,137 | 4,243,436 | 12,935,129 | 646,914 | 13,941,617 | 451,541 | 363,528 |
| New Mexico | 1945 | 52 | 52 | (⁷) | 2,982,080 | 3,105,270 | 69,849 | 3,453,995 | 156,475 | 87,455 |
| New York | 1913 | 155 | 155 | 161,945 | 39,315,855 | 45,011,460 | 4,130,030 | 53,709,283 | 2,183,520 | 1,443,617 |
| North Carolina | 1915 | 201 | 201 | 85,946 | 19,582,813 | 21,894,966 | 2,812,773 | 26,448,828 | 1,054,561 | 722,511 |
| North Dakota | 1985 | 85 | 85 | 20,144 | 6,680,046 | 8,344,034 | 312,443 | 8,968,868 | 246,934 | 101,938 |
| Ohio | 1931 | 581 | 581 | 307,507 | 101,760,443 | 120,458,749 | 6,220,658 | 136,851,074 | 5,866,150 | 3,863,342 |
| Oklahoma | 1933 | 41 | 40 | 59,212 | 18,250,400 | 296,066 | 1,318,623 | 23,240,000 | 354,800 | (⁷) |
| Oregon | 1915 | 41 | 41 | 38,626 | 16,593,861 | 18,191,665 | 1,008,538 | 19,960,846 | 930,136 | 643,948 |
| Pennsylvania | 1933 | 125 | 125 | 81,423 | 17,147,062 | 23,657,640 | 1,374,574 | 28,029,186 | 910,657 | 760,460 |
| Puerto Rico ⁶ | 1947 | 173 | 173 | 58,300 | 11,559,000 | 9,867,047 | 317,487 | 12,766,000 | 318,787 | (⁷) |
| Rhode Island | 1914 | 87 | 87 | 100,689 | 41,558,144 | 37,258,114 | 3,695,938 | 57,778,030 | 2,042,562 | 1,129,960 |
| South Carolina ⁴ | 1915 | 28 | 24 | 7,466 | 1,450,209 | 1,724,118 | 1,908,274 | (⁷) | (⁷) | (⁷) |
| Tennessee | 1923 | 165 | 161 | 85,219 | 30,763,164 | 36,949,094 | 1,326,273 | 41,502,942 | (⁷) | (⁷) |
| Texas | 1913 | 390 | 380 | 202,617 | 75,671,176 | 81,862,398 | 2,154,176 | 91,004,418 | 4,421,084 | 3,452,100 |
| Utah | 1915 | 160 | 160 | 51,152 | 23,684,317 | 23,483,868 | 1,092,656 | 27,586,369 | 1,230,526 | 867,653 |
| Vermont | 1941 | 61 | 61 | 13,742 | 2,585,454 | 2,747,843 | 103,826 | 3,079,129 | 140,717 | 69,683 |
| Virginia | 1921 | 95 | 95 | (⁷) | 13,649,380 | 12,391,099 | 637,922 | 15,925,936 | (⁷) | (⁷) |
| Washington | 1933 | 151 | 151 | 131,402 | 40,883,811 | 48,623,718 | 2,332,681 | 55,291,390 | 2,783,379 | 1,793,774 |
| West Virginia | 1925 | 23 | 23 | 7,918 | 2,518,411 | 2,044,610 | 107,524 | 2,965,164 | 142,286 | 90,715 |
| Wisconsin | 1913 | 718 | 718 | 325,460 | 118,520,787 | 157,889,931 | 10,690,975 | 173,749,088 | 6,775,985 | 4,738,782 |

¹ Includes estimates for data not reported.

² Revised.

³ Data not reported.

⁴ Data furnished by State Credit Union League.

⁵ Estimated.

⁶ Fiscal year ended June 30.

⁷ Fiscal year ended Sept. 30.

Table 4.—Selected data on State-chartered and Federal credit union operations, 1957 and 1958

| Item | All credit unions | | State-chartered credit unions | | Federal credit unions | |
|--|-------------------|-----------------|-------------------------------|-----------------|-----------------------|-----------------|
| | 1957 | 1958 | 1957 | 1958 | 1957 | 1958 |
| Number in operation..... | 18,198 | 18,824 | 9,463 | 9,794 | 8,735 | 9,030 |
| Number reporting..... | 18,049 | 18,758 | 9,314 | 9,728 | 8,735 | 9,030 |
| Number of members..... | 9,861,502 | 10,539,023 | 4,963,813 | 5,329,111 | 4,897,689 | 5,209,912 |
| Amount of loans outstanding..... | \$2,778,308,187 | \$3,077,390,191 | \$1,520,988,859 | \$1,697,666,464 | \$1,257,319,328 | \$1,379,723,727 |
| Paid-in share capital..... | 3,297,721,796 | 3,770,401,850 | 1,708,531,211 | 1,958,384,577 | 1,589,190,585 | 1,812,017,273 |
| Reserves..... | 165,257,432 | 197,694,237 | 96,702,617 | 113,422,813 | 68,554,815 | 84,271,424 |
| Total assets..... | 3,809,913,045 | 4,346,918,696 | 2,021,144,713 | 2,312,053,121 | 1,788,768,332 | 2,034,865,575 |
| Net earnings..... | 161,489,176 | 177,754,328 | 83,264,850 | 89,600,742 | 78,224,326 | 88,153,586 |
| Dividends paid on shares..... | 111,486,761 | 127,298,156 | 57,454,967 | 64,214,950 | 54,031,794 | 63,083,206 |
| Average membership per credit union..... | 546 | 562 | 533 | 548 | 561 | 577 |
| Average assets per credit union..... | \$211,087 | \$231,737 | \$217,001 | \$237,670 | \$204,782 | \$225,345 |
| Average shares per member..... | \$334 | \$358 | \$344 | \$367 | \$324 | \$348 |
| Ratio (percent) of— | | | | | | |
| Loans outstanding to shares..... | 84.2 | 81.6 | 89.0 | 86.7 | 79.1 | 76.1 |
| Loans outstanding to assets..... | 72.9 | 70.8 | 75.3 | 73.4 | 70.3 | 67.8 |
| Reserves to shares..... | 5.0 | 5.2 | 5.7 | 5.8 | 4.3 | 4.7 |
| Reserves to loans outstanding..... | 5.9 | 6.4 | 6.4 | 6.7 | 5.5 | 6.1 |

¹ Excludes members' deposits amounting to \$83,918,000 in 1957 and \$99,464,000 in 1958.

of members, net earnings, and dividends, for the States indicated.

In the eight jurisdictions with no provision for chartering credit unions under the local law, the only credit union service available was that provided by groups chartered under the Federal Credit Union Act. In these eight areas, 394 Federal credit unions, with total assets of \$90.4 million, served 184,600 members. In the aggregate, however, State-chartered credit unions account for slightly more than half of all credit unions in the United States and its possessions.

State-chartered and Federal groups.—Selected data for all credit unions in the United States are shown in table 4 for 1957 and 1958. Nearly 19,000 credit unions were extending financial assistance to more than 10.5 million members at the end of 1958. The members had amassed savings of \$3.8 billion and owed \$3.1 billion to the credit unions. Average savings of the members increased \$24 in 1958 and stood at \$358 at the close of the year. The assets of the 19,000 credit unions totaled more than \$4.3 billion. Their net earnings, which come principally from interest on loans to the members, amounted to nearly \$178 million; more than \$127 million was returned to the members in dividend payments on shareholdings.

Reflecting the faster rate of growth in savings, the ratio of loans to shares declined 3 percentage points in 1958.

At the end of the year, loans outstanding accounted for 82 percent of shares and 71 percent of the total assets of credit unions. The growing emphasis on adequate reserves to protect the members' savings has resulted in an increase in the ratio of reserves to shares, from 5.0 percent in 1957 to 5.2 percent in 1958. Reserves also increased in relation to loans outstanding—from 5.9 percent in 1957 to 6.4 percent.

Growth in credit union activities, though slowed somewhat in 1958 by economic influences, was shared by State-chartered and Federal credit unions alike. The substantial savings of the members in credit unions more than offset loans made by the credit unions to the members. Since members' savings have always exceeded loans to the members, credit unions do not exert an inflationary influence on the economy.

Recent Publications*

Social Security Administration

CHILDREN'S BUREAU. *Child Welfare Statistics, 1957.* (Statistical Series

* Prepared in the Library, Department of Health, Education, and Welfare. Orders for items listed should be directed to publishers and booksellers. Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

No. 51.) Washington: The Bureau, 1959. 36 pp. Processed.

Data on children receiving child welfare services, on public child welfare agency personnel and expenditures, and on adoptions. Limited free distribution; apply to the Children's Bureau, Social Security Administration, Washington 25, D. C.

CHILDREN'S BUREAU. *Crippled Children's Program, 1957,* by Sadie Saffan. (Statistical Series, No. 54.) Washington: The Bureau, 1959. 32 pp. Processed.

Program statistics and an analysis of trends in the volume and the types of service. Limited free distribution; apply to the Children's Bureau, Social Security Administration, Washington 25, D. C.

CHILDREN'S BUREAU. *Maternal and Child Health Services, 1957,* by Theodore Pritzker. (Statistical Series, No. 53.) Washington: The Bureau, 1959. 28 pp. Processed. Limited free distribution; apply to the Children's Bureau, Social Security Administration, Washington 25, D. C.

General

BRAND, W. *The Struggle for a Higher Standard of Living: The Problem of the Underdeveloped Countries.* Glencoe, Ill.: The Free Press, 1958. 438 pp. \$7.50.

Various aspects of the problem.

CIVIC, MIRIAM. "Current Status of Unemployment Compensation." *Management Record*, Vol. 21, June 1959, pp. 202-204.

How the 1957-58 recession affected the State unemployment insurance programs.