

# 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.

\* Prepared by Ronald M. Gardner, Statistics and Reports Branch, Bureau of Federal Credit Unions.

Table 2.—Total amount of loans and amount of real estate loans made by State-chartered credit unions, 24 States, 1958<sup>1</sup>

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	(3)
Colorado.....	33,071,718	4,137,642	40,927,391	2,606,565
Florida.....	35,969,419	2,910,596	48,959,105	(3)
Iowa.....	37,992,301	5,410,715	39,418,649	1,531,172
Kansas.....	21,811,532	2,195,578	26,221,992	(3)
Maine.....	3,765,000	7,000	(3)	(3)
Massachusetts <sup>4</sup> .....	112,677,162	52,737,005	(3)	(3)
Michigan.....	164,696,896	37,605,834	157,383,668	4,784,000
Minnesota.....	87,495,758	35,899,682	(3)	(3)
Mississippi.....	2,238,430	311,300	2,770,986	164,498
Missouri <sup>5</sup> .....	77,346,695	15,177,626	(3)	(3)
New Hampshire <sup>4</sup> .....	5,781,318	2,781,147	(3)	(3)
North Dakota.....	6,680,046	785,259	5,251,372	(3)
Ohio.....	101,760,443	13,146,723	126,952,492	(3)
Oklahoma.....	18,250,400	720,000	(3)	(3)
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	(3)	(3)
Washington.....	40,883,811	3,843,276	49,980,376	1,419,446
West Virginia.....	2,518,411	260,503	2,652,251	(3)
Wisconsin.....	118,520,787	51,494,051	79,541,962	13,121,938

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

<sup>3</sup> Data not reported.  
<sup>4</sup> Fiscal year ended June 30.  
<sup>5</sup> 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 <sup>1</sup>		9,463	<sup>2</sup> 9,314	4,963,813	\$1,520,988,859	\$1,708,531,211	\$96,702,617	\$2,021,144,713	<sup>3</sup> \$83,264,850	<sup>4</sup> \$57,454,907
Total, 1958 <sup>1</sup>		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 <sup>5</sup>	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 <sup>4</sup>	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 <sup>6</sup>	1923	157	157	( <sup>7</sup> )	26,657,054	33,199,366	1,750,343	36,893,120	( <sup>7</sup> )	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 <sup>6</sup>	1922	128	128	( <sup>7</sup> )	17,560,976	20,775,490	1,327,124	23,625,386	( <sup>7</sup> )	( <sup>7</sup> )
Louisiana	1924	101	101	( <sup>7</sup> )	11,498,791	12,573,246	819,198	* 15,000,000	770,567	529,378
Maine	1939	13	13	( <sup>7</sup> )	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 <sup>6</sup>	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 <sup>7</sup>	1927	541	522	( <sup>7</sup> )	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 <sup>6</sup>	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	( <sup>7</sup> )	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	( <sup>7</sup> )
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 <sup>6</sup>	1947	173	173	58,300	11,559,000	9,867,047	317,487	12,766,000	318,787	( <sup>7</sup> )
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 <sup>4</sup>	1915	28	24	7,466	1,450,209	1,724,118	1,908,274	( <sup>7</sup> )	( <sup>7</sup> )	( <sup>7</sup> )
Tennessee	1923	165	161	85,219	30,763,164	36,949,094	1,326,273	41,502,942	( <sup>7</sup> )	( <sup>7</sup> )
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	( <sup>7</sup> )	13,649,380	12,391,099	637,922	15,925,936	( <sup>7</sup> )	( <sup>7</sup> )
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

<sup>1</sup> Includes estimates for data not reported.

<sup>2</sup> Revised.

<sup>3</sup> Data not reported.

<sup>4</sup> Data furnished by State Credit Union League.

<sup>5</sup> Estimated.

<sup>6</sup> Fiscal year ended June 30.

<sup>7</sup> 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	3,770,401,860	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

<sup>1</sup> 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.