Notes and Brief Reports

Project Moneywise*

The Federal credit union system, like the other programs administered by the Social Security Administration, has as its goal the economic security of families and individuals. It has traditionally been aimed at providing low-cost credit to persons of limited means who might not otherwise have access to legitimate financial services. Both State and federally chartered credit unions are cooperative organizations operating on the principle of self-help. Their chief purpose is to promote thrift among their members and encourage the use of credit for productive purposes.

The need for credit union services is especially great in low-income areas where the problems of inadequate income are compounded by the high interest rates, inflated prices, inferior merchandise, and dishonest credit tactics of the unethical marketplace. Without some legitimate source of ready cash and reasonable credit, the low-income person is forced to deal where his money brings him the smallest return.

To help break this cycle of poverty by providing some workable alternatives for low-income groups, the Bureau of Federal Credit Unions in 1966 introduced "Project Moneywise," a four-week training course in credit union management and consumer education for leaders in limited-income areas.

Project Moneywise began with a grant of $125,000 from the Office of Economic Opportunity. A task force of five Bureau staff members who have had long experience in the credit union movement were responsible for researching and developing the program. The basic idea was that if the leaders in low-income communities learned wise money management and credit union operations, they would be able to help their neighbors learn the same skills. Ideally, the program would result in a kind of chain reaction or an "each-one-teach-one" proliferation of information. The first program was conducted in Boston in May 1966, and from the beginning it was well received by both participants and government officials. Other programs have since been conducted in most of the large metropolitan areas of the country, including New York, Los Angeles, Chicago, Washington, Houston, New Orleans, Miami, and San Francisco.

*Prepared by Anne Hamilton, Publications Staff, Office of Research and Statistics, from data provided by the Bureau of Federal Credit Unions.

Program Content

The main subjects covered in Project Moneywise training sessions are the problems of poverty in general, the limited-income consumer and the unethical marketplace, credit union organization and operation, interviewing techniques, family financial counseling, budgeting, the wise use of credit, cooperatives and buying clubs, teaching techniques, and leadership. Training aids such as films, movies, charts, and slides are used throughout the course. A shopping trip to various parts of the city to compare prices, quality of merchandise, interest rates, and attitudes of sales personnel also serves as a valuable learning tool.

Immediate Effects

The total impact of Project Moneywise is difficult to estimate. It is known, however, that hundreds of former participants are now at work helping residents of their communities to achieve a higher standard of living. In addition, a great many new credit unions and buying clubs have been organized as a direct result of the project's training.

A study in the early 1960's indicated that about 400 Federal credit unions, or 4 percent of all operating Federal credit unions, were active among relatively low-income groups.[1] In 1966, 102 new charters (or about 15 percent of all

[1] See Samuel B. Myrant, "Federal Credit Unions in Low-Income Groups," *Bureau of Federal Credit Unions Bulletin*, July 1964. A credit union may be classified as "limited-income" if the median family income of the group forming the field of membership is not more than two-thirds of the median family income in the area where the group is located. The following groups are usually considered to be limited-income: (1) residents of a public housing project who qualify for residence because of low income; (2) groups composed substantially of participants in a community action program; and (3) any other group whose median family income is $3,000 or less.

charters issued that year) went to limited-income groups and 526 credit union charters were outstanding among such groups. Two States showed particularly large increases in the number of Federal credit union charters issued to limited-income groups that year: 17 were issued in Texas and 15 in Florida (table 1). Evidence seems to indicate that this type of growth is directly related to Project Moneywise training programs held in surrounding areas. Limited-income credit unions still accounted for less than 5 percent of all active Federal charters in 1966, however.

TABLE 1.—Federal charters issued to limited-income groups, by region and State, 1965-67

	1965	1966	1967
Total	51	102	95
New England:			
Connecticut	0	2	2
Maine	0	0	1
Massachusetts	0	6	8
New Hampshire	0	0	0
Rhode Island	0	4	2
Vermont	0	0	0
Mideast:			
Delaware	1	0	1
District of Columbia	6	1	0
Maryland	1	0	1
New Jersey	0	0	2
New York	8	4	7
Pennsylvania	6	3	0
Southeast:			
Alabama	1	4	2
Arkansas	0	0	0
Florida	2	15	1
Georgia	1	1	4
Kentucky	1	1	3
Louisiana	1	9	8
Mississippi	1	6	1
North Carolina	0	1	6
South Carolina	0	1	3
Tennessee	0	0	1
Virginia	1	1	1
West Virginia	0	0	3
Great Lakes:			
Illinois	0	5	0
Indiana	0	1	4
Michigan	0	0	0
Ohio	1	3	8
Wisconsin	0	0	0
Plains:			
Iowa	0	0	0
Kansas	0	1	0
Minnesota	0	2	1
Missouri	1	0	0
Nebraska	0	0	0
North Dakota	0	3	0
South Dakota	0	1	1
Rocky Mountain:			
Colorado	0	0	0
Idaho	0	0	1
Montana	1	0	0
Utah	0	0	0
Wyoming	0	0	0
Southwest:			
Arizona	8	1	8
New Mexico	0	6	4
Oklahoma	0	0	4
Texas	9	17	4
Far West:			
Alaska	0	1	0
California	0	2	0
Hawaii	0	0	0
Nevada	0	0	1
Oregon	0	0	1
Washington	1	0	1

In 1967, 95 charters (or 15 percent of all new charters that year) were issued to limited-income groups, and 598 charters were outstanding among groups whose average income was considered substandard. At that time limited-income credit unions accounted for 5 percent of all active Federal charters. By the end of December 1968, there were 685 Federal credit unions active in limited-income areas, and they represented 5.4 percent of all active Federal charters.

The data thus show that there has been real growth in the number of limited-income credit unions during the 1960's. Since the beginning of the decade there has been a 71-percent increase in this type of credit union, and since 1966 alone the increase has been about 30 percent.

In 1966–67, limited-income credit unions compared very favorably with all Federal credit unions in a number of areas. Table 2, for example, shows that the total shares held in all Federal credit unions grew from \$4.9 billion in 1966 to \$5.4 billion in 1967—an increase of almost 10 percent. Total shares held by limited-income credit unions grew from \$22.6 million to \$25.4 million—an increase of more than 12 percent. Total reserves of all Federal credit unions increased 15 percent, a slightly larger rate than the 11 percent shown for limited-income credit unions; but the latter increased 21 percent in number of members, and all Federal credit unions showed only a 6½-percent increase.

New Developments

Some of the effort that has gone into Project Moneywise is now being directed into auxiliary programs as well. A financial counseling program for Federal employees has been conducted for a number of agencies, including most recently the Social Security Administration and the Department of Labor. Seminars have also been presented to groups such as the Los Angeles Federal Executive Board, the American Society for Training and Development, the Arizona Consumers' Council, and participants in the National Co-op Month activities. Other special courses have been conducted for Indians on reservations, Mexican Americans, Peace Corps and Youth Opportunity Corps personnel, welfare mothers, and senior citizens.

TABLE 2.—Federal credit unions in limited-income groups and all Federal credit unions: Selected data, 1966–67

Item	As of December 31, 1966			As of December 31, 1967		
	All Federal credit unions	Federal credit unions in limited-income groups	As percent of all Federal credit unions	All Federal credit unions	Federal credit unions in limited-income groups	As percent of all Federal credit unions
Total shares	$4,944,032,727	$22,634,453	0.5	$5,420,663,434	$25,414,315	0.5
Number of members	9,271,967	134,025	1.4	9,873,777	162,184	1.6
Number of potential members	16,647,848	827,208	5.0	17,945,474	1,286,925	7.2
Ratio (percent) of membership to potential	55.7	16.2		55.0	12.6	
Average shareholdings per account	$533	$169		$549	$157	
Loans outstanding:						
Amount	$4,323,942,749	$19,442,671	.4	$4,677,480,377	$21,348,801	.5
Number	4,987,236	48,420	1.0	5,349,054	55,115	1.0
Average size	$867	$402		$874	$387	
Delinquent loans-amount	$133,266,554	$1,580,600	1.2	$153,154,990	$1,708,023	1.1
Delinquent loans-number	233,587	6,824	2.9	261,720	7,705	2.9
Total reserves	$338,876,676	$1,485,165	.4	$389,473,206	$1,651,565	.4
Ratio (percent) of—						
Loans to shares	87.5	85.9		86.3	84.0	
Delinquent loans to total loans	3.1	8.0		3.3	8.0	
Reserves to shares	6.9	6.6		7.2	6.5	
Reserves to loans	7.8	7.6		8.3	7.7	
Reserves to delinquent loans	254.3	94.0		254.3	96.7	
Amount of loans made since organization	$43,077,687,160	$209,373,868	.5	$49,029,314.101	$232,646,017	.5
Amount of loans charged off since organization (net)	$100,114,745	$987,163	1.0	$118,841,483	$1,102,198	.9
Ratio (percent) of loans charged off to all loans made	0.23	0.47		0.24	0.47	

The Project Moneywise approach to poverty seems to be an effective solution for one of the basic problems of poverty—the unwise handling of money. If the program continues to expand and the number of limited-income credit unions continues to grow, the program could become a still more significant force in the struggle against poverty.

SOCIAL SECURITY ABROAD

RECENT DEVELOPMENTS of significance in the field of social security are reported for the countries in the notes that follow.*

NEW SURVIVOR PENSIONS IN FINLAND

On January 17, 1969, the Finnish Parliament enacted a law that introduces universal survivor pensions into the national pension system for the first time. The new law, which becomes effective October 1, 1969, thus brings survivor pensions into line with the old-age and disability pension programs.

Under the old system, survivor pensions were included in private schemes contracted by employers with insurance companies, pension funds, or pension foundations. Coverage depended on length of employment, earnings, and age of the deceased. Unless a different allocation was agreed upon, half the cost was met by the employee.

According to the new law, survivors of a Finnish citizen, or of an alien who lived in Finland for at least 5 years immediately preceding his death are entitled to benefits. Consequently, coverage is now tied to the decedent's residence rather than to his employment.

The widow's pension provides benefits similar to the national old-age pension. It includes a basic universal pension currently paying 69 marks ($16.50) a month, a means-tested assistance pension paying a current maximum of 132 marks ($31.50) a month[1] and a means-tested support allowance of 50 marks ($12.00) a month. As in computing the old-age pension, income from the basic universal pension and any private pension is disregarded in determining the widow's eligi-

*Prepared by the International Staff, Office of Research and Statistics.

[1] Because of differences in cost of living, Finland has been divided into three regions. Benefits under the assistance pension vary between these regions.