What is a credit union? Who we are and why it matters.

Credit is a fundamental aspect of our modern economic system and the financial institutions that belong to it, allowing individuals and businesses to obtain goods and services on credit, pay bills, and purchase assets like homes and cars. The idea of lending and borrowing money has been around for centuries, but the formal credit industry as we know it today had its origins in the 19th century. The history of credit is rich and varied, with credit unions playing a significant role in shaping the modern credit industry.

The Beginning

Credit unions are not-for-profit financial cooperatives owned by their members. The first credit unions established in Europe during the Industrial Revolution, as a way for workers to pool their resources and provide low-cost credit to one another.

In 1864, Friedrich Raiffeisen had a revolutionary thought: what if the people in his rural southern German community could experience an improved quality of life with access to collective funds? His suggestion was embraced wholeheartedly by his neighbors and friends; consequently, the first credit union was then created. With this idea came a new way for individuals needing loans to easily obtain them.

In 1909, the credit union movement crossed the ocean to reach American shores. With *Edward Filene* serving as its pioneer, the movement gained momentum and continued its growth. In 1920, Filene hired attorney Roy F. Bergengren to assist him in generating the movement's expansion. Bergengren soon created a more systematized concept for the credit union model we know and love today.

As credit unions began to gain traction and spread throughout the United States, it wasn't until 1930s when they were officially acknowledged on a federal level and received widespread acceptance.

On June 26th, 1934, President Franklin D. Roosevelt officially approved the *Federal Credit Union Act* - thus allowing federally chartered credit unions in each state to construct a system of non-profits *designed to encourage thriftiness and sound financial habits.*

Modern Day

The Federal Credit Union Act boosted the public's trust in credit unions and their spread across America only continued to escalate. To further guarantee this sense of assurance, the National Credit Union Share Insurance Fund (NCUSIF) was set up in 1970. This created federal insurance for credit union deposits that operates similarly to FDIC insurance provided for bank deposits - rest assured your hard-earned money is always safeguarded with UBI Financial Credit Union!

In the 70s, credit unions experienced unprecedented growth, with new member-owned financial institutions popping up all over America. This surge of enthusiasm resulted in an astounding threefold increase in assets between 1970 and 1979 - it certainly was a golden age for credit union members!

In 1977, a credit union-oriented regulation was passed into law, offering credit unions the ability to offer additional services and products for their memberships. Most notably, this included mortgage lending and share certificates (similar to CDs).

Throughout the 20th century, the credit union movement rose in prevalence and importance around the globe. In America, these unions supplied an invaluable asset to many underserved populations—from low-income households to rural regions—by providing access to financial services as well as credits not otherwise available.

In the 1930s, the U.S. government established the National Credit Union Administration (NCUA) to oversee and regulate the credit union industry. The NCUA is responsible for ensuring the safety and soundness of credit unions and protecting the interests of their members.

During the Great Depression of the 1930s, credit unions played a critical role in providing much-needed credit to individuals and small businesses. Many banks had failed or were unable to lend money, leaving people without access to credit. Credit unions, however, were able to continue lending because they were funded by their members' deposits rather than by external investors.

In the decades that followed, credit unions continued to grow and evolve. They expanded their product and service offerings, embraced new technologies such as online banking, and formed partnerships with other financial institutions to provide their members with access to a wider range of financial products and services.

Today, credit unions are a significant force in the financial industry, with over 100 million members worldwide and assets totaling trillions of dollars. They continue to serve their members by providing low-cost credit, competitive rates on savings and investments, and a range of other financial products and services.

Looking to the Future

Credit unions will continue to play an important role in the financial industry, and for credit union members, the future is bright. We have come a long way from those first credit unions at the start of our story and history. As technology continues to evolve and consumer preferences change, credit unions will need to adapt and innovate in order to stay competitive. However, their focus on member service and financial education is likely to remain a key differentiator and a source of strength for the credit union movement.

The history of credit unions and the credit industry as a whole is a fascinating one, characterized by innovation, cooperation, and a commitment to serving the needs of individuals and communities.

While the financial landscape continues to evolve and change, credit unions remain a vital part of the financial industry, offering affordable, accessible financial services to millions of people around the world.

Remember, UBI Financial Credit Union is local and here for you! Please let us know how we can help with your banking and financial needs! 860-747-4152 or find us at www.UBIFCU.com