



Purdue Employees
Federal Credit Union

The History of Credit Unions and Related Topics

2010 Lafayette Rotary Club



History of Credit Unions

- Started in Europe in late 1800's
- Wealthy American businessman experienced the structure in early 1900's and brought the concept back to US.
- First credit union created in 1934
- Over 25,000 CUs at one point
- Currently less than 8,000 CUs



Credit Union Structure

- Retail CUs
 - Single sponsor charter
 - Multi-sponsor charter
 - Community Charter
 - Corporate Cus
- “Dual-charter” system:
 - Federal
 - State

“Not for profit...not for charity...but for service”



Current State of the System

- Total system assets = \$886 billion
- Bank of America assets = \$2.3 trillion
- Overall CU Loan Delinquency (60+) = 1.69%
- Number of CU failures in 2009: 8 retail/2 corp
- Number of bank failures in 2009: 120+
- Why the huge difference?
 - Capital
 - Regulatory environment
- “Sand states” CUs suffering much more



Future of Industry

- Some regulatory relief possible on business lending
- Continued pressure from Congress on consumer protection legislation for all financial institutions
- Complete regulatory framework changes coming
- “Socialization” of banking industry
 - Too big to fail
 - Mortgage loans
 - Student loans



PEFCU

- Founded in 1969
- About \$590 million in assets
 - Largest locally “owned” financial institution
- Delinquency (60 days past due) = .53%
- Almost 200 employees
- 2 high school branches
- Several ties to Purdue educational experience
 - Scholarships
 - Internships





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What questions do you have?

