

FOCUS e-newsletter: In Focus with Bill
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Cross-focused

Small business is a bulwark of our economy, an important, robust, vibrant, and growing sector. Small businesses are finding and opening new markets. Small business creates two out of every three net new jobs.

Do small credit unions matter in the same way? Is the success of smaller credit unions vital to the future of the credit union movement?

Here's the key: small leads to big. Over this past decade more than 600 small credit unions became big. There are more than 4,000 small credit unions (under \$50 million in assets). Of these, about 49 percent grow each year, 46 percent shrink.

Every year 5 percent merge and 1 percent are closed. That may not sound like many, but over a decade, this means half the small credit unions disappear. When merging credit unions give reasons for their demise, the top reasons we hear are inability to attract officials, inadequate product expansion and declining field of membership. The 46 percent of small credit unions that shrunk have been slow to recover from the economic downturn. Their membership is down, and loans have fallen in each of the last five years. Earnings ran a paltry 0.20 percent return on assets. The takeaway is that as a credit union matures, it becomes sustainable by growing.

Small credit unions are close to the philosophical democratic roots of cooperatives. Their members like and choose their personal service. Small credit unions are a source of niche innovation. Small credit unions act as ambassadors and provide political cover that draws out political strength and unity.

OSCUI supports the success of small credit unions through training, consulting, grants and loans, and partnership opportunities. OSCUI recognizes the unique role small, low-income designated and new credit unions play in the lives of their members and communities. We are committed to helping these credit unions not only survive, but thrive.

One of our core activities is to assist small credit unions in thinking about sustainability, acting and then growing.