

UNIVERSITY OF WISCONSIN-EAU CLAIRE

THE CREDIT UNION MOVEMENT:

A HISTORICAL LOOK AT NINETEENTH AND TWENTIETH-CENTURY ORIGINS AND  
PRINCIPLES APPLIED TO THE CHIPPEWA VALLEY

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TO THE MEMBERS

## ABSTRACT

This paper examines the history and principles of credit unions and cooperatives in part one and applies them to a credit union in the Chippewa Valley of Western Wisconsin. Credit Unions have been a stable financial choice beginning in Germany in the nineteenth-century through present day. This paper examines the role credit unions played in promoting economic growth from its rural and urban beginnings and during the poor economic times, affecting small shop keepers, artisans, and small farmers due to the industrial revolution in the mid nineteenth-century. It tracks the credit union movement from Europe to North America and its growth in the early twentieth-century to present day. Research looks to examine the individuals and organizations responsible for influencing the credit union movement and the growth that took place. Further, the paper explores Eau Claire, Wisconsin's Uniroyal Tire Company Employee Credit Union, known today as Royal Credit Union, its original charter, and its influence over the last 40 years on economic activity in the Chippewa Valley region of West Central Wisconsin. Researching the growth of Royal Credit Union consists of examining its compilation of historical manuscripts; Federal Call Reports listed with the National Credit Union Administration, and an oral interview.

## CONTENTS

PREFACE.....	<b>Error! Bookmark not defined.</b>
INTRODUCTION .....	<b>Error! Bookmark not defined.</b>
PART ONE.....	<b>Error! Bookmark not defined.</b>
PRINCIPLES, AND FOUNDATIONS .....	<b>Error! Bookmark not defined.</b>
CREDIT UNION ORIGINS AND FOUNDING FATHERS ....	<b>Error! Bookmark not defined.</b>
GOVERNING BOARDS, LEAGUES, AND FEDERAL ADMINISTRATIONS .....	<b>Error!</b>
<b>Bookmark not defined.</b>	
PART TWO .....	<b>Error! Bookmark not defined.</b>
RCU: HISTORY, ECONOMIC IMPACT, AND BEYOND ....	<b>Error! Bookmark not defined.</b>
CONCLUSION.....	<b>Error! Bookmark not defined.</b>
BIBLIOGRAPHY.....	<b>Error! Bookmark not defined.</b>

## ILLUSTRATIONS

### Figures

1. Hermann Schulze-Delitzsch .....**Error! Bookmark not defined.**
2. Friedrich Wilhelm Raiffeisen .....**Error! Bookmark not defined.**
3. Alphonse Desjardins .....**Error! Bookmark not defined.**
4. Edward A. Filene and Roy F. Bergengren.....**Error! Bookmark not defined.**
5. Royal Credit Union Original Articles of Incorporation, 1964..... 23

## PREFACE

I have always thought of credit unions as interesting institutions, and I have often wondered about their history. One might ask, what would spur someone to think about the history of credit unions? I have been employed by a credit union for the last 6 years and realized it was a little disappointing that as an employee I knew little in the way of history and philosophy about the very institution that paid my salary. I also have close ties to the credit union movement through my father, who for the last 13 years has been on the board of directors of a local credit union. I have been surrounded by dinner table talk, phone conversations, and literature about credit unions and their different associations for over half of my life. I felt that this paper would contribute to the local history of the area because of the unique topic, yet the important role that the credit union movement has played in Eau Claire, Wisconsin.

## INTRODUCTION

One particular day in 1930, La Crosse, Wisconsin fireman Charles Hyland walked into his local bank looking to borrow money for new kitchen appliances, and to his liking, was approved for the loan. The interest rate for the loan stood at a lofty 42 percent, known as the annual percentage rate (APR). Hyland thought to himself that it didn't seem quite right that he was getting 4 or 5 percent APR when he invested his money but was charged 42 percent when he needed to borrow it. Unfortunately this was his only option at the time due to there being a lack of any institution willing to make small personal loans at reasonable rates. It was also in 1930 that Hyland joined the La Crosse Fireman's Relief Fund committee, into which local firemen paid dues to so that in times of disability or death they and their families would receive relief. It was at a monthly committee meeting that a discussion was raised on how the fund should invest its excess funds to obtain a return of at least 5 percent.<sup>1</sup> Hyland had a suggestion for the committee on what to do. With his 42 percent APR loan fresh in his mind, Hyland suggested that the fund loan out the excess money to the local firemen at a rate of 10 percent. This would allow "the boys" much cheaper access to credit and would double the rate of return the fund was hoping to achieve. In Hyland's mind, this was the perfect solution; that was until the city attorney notified the fund that without the proper financial licenses that it was illegal. Hyland was determined to understand why it was illegal and what he could do to make it legal and the city attorney said he would look into it.<sup>2</sup> It was at this point, in 1930, that Charles Hyland had unknowingly started down a new path, one that ultimately lead him into a new career, a career dedicated to credit unions.

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<sup>1</sup> Charles G. Hyland, *I Rode With the Captains* (Milwaukee: Wisconsin Credit Union League, 1984), 19.

<sup>2</sup> *Ibid.*, 20.

Hyland's idea of saving and lending among the men in the La Crosse Fire Department digs at the core philosophy of what a credit union is: people helping people. Credit unions in their most basic definition are a simple institution. One defines a credit union as:

A group of people who join together to save money and to make loans to each other at low rates of interest. It is a financial co-operative organized from a group of people with a shared field of membership. Yet, it is more than a financial institution. Its members work together to improve themselves socially and economically. They demonstrate the practicality of concern and service to their fellow human beings. As a co-operative, a credit union is a democratic and non-profit organization.<sup>3</sup>

The definition itself leaves much to be learned about what a credit union is. The most common question often being asked is what the difference between a credit union and a bank is? To answer this question and others, it has to be learned and understood what the building blocks of a credit union are.

This paper will be a journey that is split into two parts. Part one is a critical piece that will focus on the credit union movement from the beginnings in the nineteenth-century. Credit union principles are the foundations of what they stand for. Credit unions revolve around the idea of the betterment of society and the brotherhood of man, the coming together around a common bond to strengthen the financial outlook for one another. There will also be an in-depth look into the structure of credit unions, how they are established and how they are run. This information is essential for the reader to be educated in order to better comprehend the language and ideas that will be found throughout this paper. Next, a look into the past will allow the reader to look at some of the most influential and important individuals in the credit union movement and will highlight their thoughts, experiences, and application of principles to the credit union movement.

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<sup>3</sup> Jack McLanahan and Connie McLanahan, eds., *Cooperative/Credit Union Dictionary and Reference* (Richmond, KY: The Cooperative Alumni Association Inc., 1990), 57.

The last subhead of part one will take a look at the governing boards and leagues of credit unions and how they correlate with the day to day activities of both state and federal credit unions.

Part two of the paper takes an in-depth look at an individual credit union of Wisconsin's Chippewa Valley: Royal Credit Union. Having read part one, the reader will now be an expert on credit unions and will see the historical significance and progression of Royal Credit Union (RCU). RCU has a 46 year history in the Chippewa Valley and this paper will establish the importance that RCU has had economically to the Chippewa Valley and beyond. The story will begin with the granting of a charter from the State of Wisconsin Commissioner of Credit Unions in 1964 to allow the employees and family members of employees of Uniroyal Tire Company to organize an employee credit union. One will find that many of the key principles and foundations examined in part one will reappear in part two, the basis in which RCU was founded and integrated throughout its steady growth.

The fact that RCU has become one of the largest credit unions in Wisconsin can be attributed to its foundation in credit union principles and never straying away from this strong belief system. Upon finishing this paper, readers will have a better understanding for the world of credit unions, their role in the world of finance, and the importance of one particular credit union in the Chippewa Valley.

## PART ONE

“The real job of a credit union is to prove, in modest measure, the practicality of the brotherhood of man.”

– Roy F. Bergengren

### PRINCIPLES, AND FOUNDATIONS

As stated earlier the first question that arises is what the difference between a credit union and a bank are? One has to look back to the beginning of credit unions to understand the structure behind them. This will be covered shortly, but the reader needs to first recognize the difference to make the connection when learning the history.

Credit unions do not have customers, rather they have members. These members, through their initial deposit become part owners of the credit union. Banks on the other hand are owned by share holders who may or may not have accounts with the bank. To become a member of a credit union, one must qualify for membership, based on some sort of common bond defined in the credit union bylaws. Banks can serve anyone in the general public. The most significant difference between the two is credit unions are not-for-profit; they exist to serve its members. Any excess funds that are acquired are put into reserves to strengthen the credit union during slow economic times and are also returned to the members indirectly in the form of lower interest rates on loans, higher interest rates on investment, and limited fees charged. Finally, credit unions use excess funds to expand services, locations, and membership to stay competitive with other financial institutions. Banks are for-profit institutions that strive to produce the highest rate of return on invested capital for shareholders who are the only people who see the results of

the profit.<sup>4</sup> Credit unions are as American as the Constitution; they are democratically controlled by the members. Each member gets one vote to elect a volunteer board of directors; regardless of how much money they have in deposits or loans. At banks, the only voting privileges are with the stockholders and their voting power is determined by how much stock they own. Account holders themselves have no say in who is elected to the board of directors, who unlike credit unions, are paid for their service.<sup>5</sup> With the basics of what encompasses a credit union described, a more in-depth look into the history of how the credit union movement developed and how their structure, guiding democratic principles, and foundations began will be shown.

For a credit union to be successful its members must all have something in common; this is known as the common bond of the credit union. In North America there are generally three types of common bond in which credit unions are organized. The first is an occupational common bond, which the members work for the same employer or work in the same industry. A credit union organized with a residential common bond has members who live, work, or go to school in the same community. Finally, a credit union organized under an associational common bond has members who belong to organizations such as church groups, labor unions, or cooperatives.<sup>6</sup> The common bond was emphasized as a way of maintaining a feeling of mutual responsibility.<sup>7</sup> The goal of membership in credit unions is to extend service to as many people as possible within its scope of membership and should aim at becoming an organization which includes and helps as many members as it can.<sup>8</sup> One principle credit unions have is to gain as

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<sup>4</sup> Wisconsin Credit Union League, "Credit Unions vs. Banks: What's the Difference?" Wisconsin Credit Union League 2005, [http://www.theleague.coop/AM/Template.cfm?Section=What\\_s\\_a\\_Credit\\_Union&TEMPLATE=/CM/ContentDisplay.cfm&CONTENTID=28155](http://www.theleague.coop/AM/Template.cfm?Section=What_s_a_Credit_Union&TEMPLATE=/CM/ContentDisplay.cfm&CONTENTID=28155) (accessed February, 2010).

<sup>5</sup> Ibid.

<sup>6</sup> Jack Dublin, *Credit Unions: Theory and Practice* (Detroit: Wayne State University Press, 1979), 29-30.

<sup>7</sup> Olin S. Pugh and F. Jerry Ingram, *Credit Union Management* (Reston, VA: Reston Publishing Company, Inc., 1984), 2.

<sup>8</sup> Dublin, *Theory and Practice*, 9-10.

many members and extend as many services as possible by trying to include every individual of the family within the common bond.

The core foundations of credit unions are not about dollars and profit; rather it is all about people helping people; the credit union principles believe that people are more important than dollars. Charles Hyland once said “let’s not forget our basic strength in the credit union movement is belief in genuine member service, the Brotherhood of Man, and the Golden Rule...A credit union is an association of people helping each other.”<sup>9</sup> Hyland’s statement echoes the idea that credit unions are not just a financial movement, but also a social movement of individuals brought together by their common bond.

#### CREDIT UNION ORIGINS AND FOUNDING FATHERS

The origins of the credit union movement began in Germany in the nineteenth century. In the late 1840s, a series of especially weak crop yields left many rural German farmers and peasants struggling financially. The industrial revolution was moving ahead at full steam and skilled artisans, small shop keepers, and rural farmers began to suffer economically trying to compete with the large industries that were taking shape.<sup>10</sup> When these individuals were in need of economic assistance they had nowhere to turn but to unscrupulous money lenders who charged high interest rates and had aggressive collection practices. In the nineteenth century there were not safety nets that we have today. There was no social security, government bailout programs, or disaster relief. The idea of people helping people began to take shape, as they realized that together; they could survive economically. Germany, more than any other European country became the testing ground for the new idea of cooperative banking. Two men emerged

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<sup>9</sup> Hyland, *I Rode With the Captains*, 85-86.

<sup>10</sup> J. Carroll Moody and Gilbert C. Fite, *The Credit Union Movement* (Lincoln: University of Nebraska Press, 1971), 2.

as the leaders of new style of banking. Their vision to provide economic sustainability among the proletariat would be the foundation for which credit unions philosophy would be built around. Their names were Hermann Schulze-Delitzsch and Friedrich Raiffeisen.<sup>11</sup>

Hermann Schulze-Delitzsch was born in 1808 in the village of Delitzsch, which later became part of Prussia. In his early years, Schulze-Delitzsch studied law at the University of Leipzig and was appointed to the court in Torgau upon graduation. In 1833, he returned home to take care of his ailing father and took a government post in Delitzsch. It was this government post that allowed Schulze-Delitzsch to see the need for credit among small shop keepers and craftsmen. It was in 1850 when he established his first credit cooperative, based around some of the same principles we see today. Each member had to pay an initial \$2.50 entrance fee, and then purchase one share at a cost of twelve dollars, which could be paid in installments. The members then shared the liability of the cooperative. Loans granted were to be made not only based on collateral but also around the character of the man borrowing funds, and were set at reasonable rates of interest. Schulze-Delitzsch once said “Your own selves and character must create your credit.”<sup>12</sup> He stressed that the cooperative credit “people’s banks” must be democratically controlled; with supreme authority resting in the hands of the membership. This democratic control meant one vote per shareholder, regardless of shares owned.<sup>13</sup> He didn’t stop there, rather, he encouraged that every member get involved in the organization to educate themselves on their financial responsibilities. It was from this point that Schulze-Delitzsch began spreading the concept of cooperative credit throughout Germany and by 1859 there were 183 established “people’s banks.”<sup>14</sup> Though referred to as a “bank” by Schulze-Delitzsch, his institutions were in

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<sup>11</sup> Dublin, *Credit Unions*,143.

<sup>12</sup> Moody and Fite, *The Credit Union Movement*, 6.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.,7.

theory cooperative credit unions, and therefore Schulze-Delitzsch is known as the founder of urban credit unions.

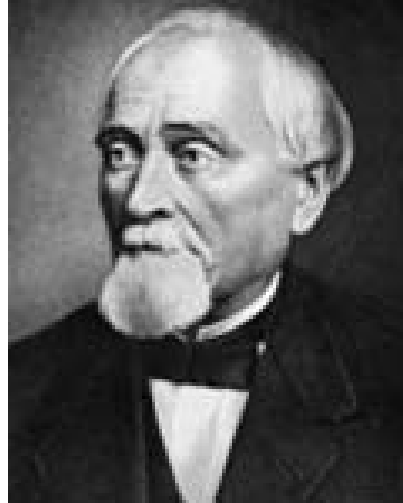


Figure 1. Hermann Schulze-Delitzsch

*Source: Ruth Witzeling, People, Not for Profit: The Story of the Credit Union Movement (Dubuque: Kendall/Hunt Publishing Company, 1993), 41.*

The initial entrance fee and share price made it difficult for many individuals to join these “people’s banks” and so entered Friedrich Raiffeisen into the credit union picture. The people who could not afford to join Schulze-Delitzsch’s “banks” were the penniless people; the rural farmers and villagers.<sup>15</sup> Friedrich Raiffeisen was born on March 30, 1818 in the Rhine Province. Raised a devout Lutheran, Raiffeisen lived a life of public service as the mayor of several towns known as the Westerwald District and as a lay Lutheran preacher. Upon his deep connection to his faith, he built his foundations and principles concerning finance, particularly in regards to his faith in man and the opportunity given by God to every individual. Raiffeisen’s interest in cooperative banking is strangely similar to that of Schulze-Delitzsch, having become concerned for the public whom he represented.

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<sup>15</sup> Dublin, *Theory and Practice*, 144.

It was a particularly harsh winter in 1846-47 and famine wreaked havoc on the rural farmers in Raiffeisen's district. It was this famine that spawned Raiffeisen's first endeavor into the cooperative venture. The famine caused undue financial strain on the rural farmers who could not afford their payments for land, machinery and seed. This deteriorating condition prompted Raiffeisen to organize the *Brotverein*, or Bread Union. The aim of this union was for Raiffeisen to collect donation of flour, seed and space to start a bakery and storage, and then sell the goods at a discount.<sup>16</sup> This endeavor was not a cooperative movement because it borrowed from the rich to give to the poor, but what it did introduce Raiffeisen to was the world of people helping people. This initial attempt ultimately failed because it was not self-sustaining and relied on donations and charity from the well-to-do.



Figure 2. Friedrich Wilhelm Raiffeisen

*Source:* Ruth Witzeling, *People, Not for Profit: The Story of the Credit Union Movement* (Dubuque: Kendall/Hunt Publishing Company, 1993), 42.

Raiffeisen did not quit with the failure of his first attempt, rather he began to readjust his views of the principles and philosophy of his financial societies. His first successful venture took shape in Heddesdorf in 1864. He openly admitted taking a strong influence from Schulze-Delitzsch with subtle differences stating:

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<sup>16</sup> Moody and Fite, *The Credit Union Movement*, 10.

Already I have made most satisfactory progress, practically upon the model of the Schulze-Delitzsch associations. However, since the latter are formed mainly for cities and towns, I have made certain changes in the by-laws to adapt them to local conditions. So far I have obtained the signatures of about 200 reliable and industrious citizens of the district...<sup>17</sup>

Beside their differences in the regions served, Raiffeisen, unlike Schulze-Delitzsch, also insisted that Christian principles motivated the credit union, whereas Schulze-Delitzsch advocated economic self sufficiency. Raiffeisen's 1864 credit union admitted members based on ones character judgment. Similar to Schulze-Delitzsch, Raiffeisen structured his credit society to be democratic, allowing the members to vote for a management committee that would review and decision loans. The Raiffeisen system of credit unions, formed around the idea that the poorest of the poor can still raise capital and assist each other financially, caught on and by 1888 there were 425 of his societies in Germany.<sup>18</sup> Raiffeisen's strong belief in people, and the importance of people over profit still holds true in today's credit union principles. It is for these reasons that Raiffeisen is known as the father of the modern credit union.

Even as the concept of cooperative banking continued to be experimented with in Germany, it found its way to other European countries. Italy, in 1866, opened its first cooperative credit union. The Italian cooperative made changes to the German model that included limited liability of members for the debts of the credit union. Both Italian and German models continued to grow and remained stable and strong through the nineteenth-century and by 1900 cooperative credit societies had been established in Austria, France, Ireland, and Switzerland.<sup>19</sup>

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<sup>17</sup> Ibid.

<sup>18</sup> Ibid.,12.

<sup>19</sup> Ruth Witzeling, *People, Not for Profit: The Story of the Credit Union Movement* (Dubuque: Kendall/Hunt Publishing Company, 1993), 29.

The credit union movement that began gaining so much momentum in the late 19<sup>th</sup> century in Europe eventually found its way to North America at the turn of the century. The move from an agriculturally based society to an industrial one was causing the same financial hardships on rural farmers, shop keepers, and skilled artisans as it was in Europe. The need for credit still existed and these individuals were in the same position borrowing from aggressive loan sharks at exorbitant rates of interest. It was in Levis, Quebec that an experienced journalist for the Quebec House of Commons began investigating a new development in the world of finance that was occurring in Europe. His name was Alphonse Desjardins.<sup>20</sup>

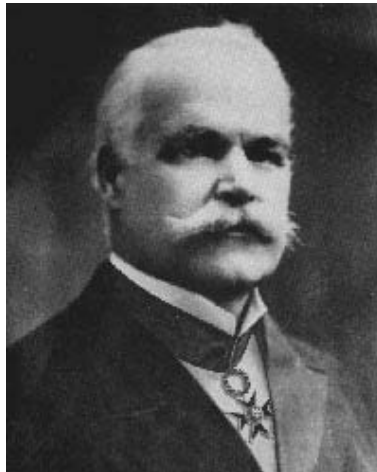


Figure 3. Alphonse Desjardins

*Source:* Ruth Witzeling, *People, Not for Profit: The Story of the Credit Union Movement* (Dubuque: Kendall/Hunt Publishing Company, 1993), 43.

Desjardins was born in Levis in 1854 and grew up in poor conditions but his parents instilled strong religious and educational values from an early age. After attending Levis College he began his life as an editor and journalist with a small local newspaper. He soon took a post reporting on activities in the Quebec House of Commons that focused primarily on social and economic issues. It was his reporting on these issues that Desjardins first learned of the growing

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<sup>20</sup> Dublin, *Credit Unions*, 146.

cooperative movement in Europe. He had seen firsthand the lack of available credit to the common people in Levis through his reporting and his connection to the community and was committed to finding a cure.<sup>21</sup> Desjardins began corresponding with credit union representatives in England to gather more information on the movement and decided this was the cure he was looking to find for the people of Quebec. In a letter he wrote in 1898 to Henry W. Wolff, a promoter of “people’s banks” in Europe, he stated “The local circumstances are of such a character as to completely warrant me to go into the enterprise with the conviction that it will confer a great benefit on the people, who, being not in a position to go to our ordinary Banks, are obliged to subscribe to the terrible conditions imposed upon them by private money lenders.”<sup>22</sup> Upon receiving books and brochures on the institutions, Desjardins assembled a group of local community members to study and promote the idea of cooperative banking. The idea began to take shape with one significant difference from the European model. Desjardins established there would be no difference between the rural and urban citizens within the credit cooperative, like there was between Raiffeisen and Schulze-Delitzsch’s institutions. The credit union Desjardins was seeking would be community based, or as learned earlier, founded upon a residential common bond.<sup>23</sup> After some 18 meetings, the committee had established the by-laws of what was to become North America’s first credit union, and opened for business on January 23, 1901 under the name *caisse populaire*. The first deposit was ten cents and at the end of the first day the credit union had totaled deposits worth \$26.40. The by-laws established that to become a member one had to be an urban or rural citizen of Levis, buy a share costing five dollars made payable in weekly installments of ten cents and finally “be honest, punctual in his payments,

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<sup>21</sup> Moody and Fite, *The Credit Union Movement*, 19.

<sup>22</sup> *Ibid.*, 20.

<sup>23</sup> Pugh and Ingram, *Credit Union Management*, 91.

sober and of good habits, industrious, and laborious.”<sup>24</sup> The *caisse populaire* grew steadily and by 1907 had loans that totaled over \$200,000, but more importantly had never lost one cent of it.

As the credit union movement gained strength in Canada, the word of its success began to move south to the U.S. The idea of a credit union had been known in the United States for some time, but it wasn't until two men named Edward Filene and Pierre Jay emerged as the ones to implement this idea in Massachusetts.

In 1908, Pierre Jay was busy as the Massachusetts Bank Commissioner investigating complaints from indebted factory workers about the operations of professional money-lenders. Pierre had read a copy of H.W. Wolff's book *People's Banks* years before and as bank commissioner, became intrigued with the idea of credit unions in the U.S. Through correspondence with Desjardins, Jay realized it was necessary to introduce cooperative banking to the U.S. In 1908, Jay invited Desjardins to Boston to assist him in drafting a proposed law that would allow for the organization of credit unions under “proper restrictions and supervision.”<sup>25</sup> The proposal they wrote went before the Massachusetts Banking Committee in February of 1909. Among those serving on the committee were representatives from commercial and savings banks, one of those representatives was future President Calvin Coolidge. Jay had convinced Desjardins to testify to the committee about his credit union movement and its success. Those on the committee did not oppose the law because they felt “such institutions would serve a different clientele, thus not competing with their businesses.”<sup>26</sup> The Massachusetts Credit Union Act was officially signed on April 15, 1909, and defined credit unions as “a cooperative association formed for the purpose of promoting thrift among its members.” After the passage of the law,

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<sup>24</sup> Moody and Fite, *The Credit Union Movement*, 22.

<sup>25</sup> Dublin, *Credit Unions*, 146.

<sup>26</sup> Moody and Fite, *The Credit Union Movement*, 35.

Pierre Jay became the head of a large Manhattan Bank, but had plenty of help keeping the movement alive by Edward Filene, thus the reason he is known as the father of the modern credit union movement.

Edward Filene was a wealthy Boston department store owner who was known for paying good wages and providing strong benefits to his employees. A caring man, Filene had seen many of his customers and employees struggling financially in the early twentieth-century. Primarily self-educated, Filene learned about credit unions through his reading and travels abroad. He often supported his employees and others by organizing to better themselves and each other. Filene's interest in credit unions was caught from these trips abroad but no action developed until he heard about Pierre Jay's attempts to establish the same institution in Massachusetts. Filene was present at the hearing with the Massachusetts Banking Commission, and he briefly testified about his experiences and knowledge about credit unions. His testimony was well respected because of his status as a wealthy merchant and he played an integral part of getting the law passed. The credit union movement quickly became Filene's obsession and he continued to advocate for more states to write credit union regulations allowing for their development. The credit union movement in the U.S. was kept alive by Filene's vision and funding to promote legislation and new credit union development, which began very slowly. Because of other options that individuals had, including employers who provided saving and borrowing services, credit unions were seen as unnecessary potential members. No one had been spending enough time organizing new credit unions.<sup>27</sup> With the outbreak of the First World War, economic downturns made for unfavorable conditions for credit union growth. Still, Filene knew there was work to be done, and in 1916 he and a group of other credit union supporters organized the

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<sup>27</sup> Witzeling, *People, Not for Profit*, 31.

Massachusetts Credit Union Association (MCUA) in order to “disseminate information in respect to the benefits of credit unions...; to organize and assist in the organization of credit unions; to make loans to credit unions at a rate not exceeding six percent annum and generally to promote and assist credit unions.”<sup>28</sup> This was the organization that Filene had hoped would help spur the credit union movement to develop further in Massachusetts and eventually nationally. What he needed was someone with the drive and passion to spread credit unionism if it were to succeed.

1920 was a turning point in the credit union movement. After the First World War, general economic prosperity was returning and so was the growth of credit unions. This was due to a need for consumer credit to purchase cars, appliances, and other household goods that were becoming popular. The existing banks were uninterested in small savers and borrowers because of the small return on their investment. In 1920, Filene still needed to expand the role of credit unions and wanted to put forth an effort to create a national credit union organization. He found his man in Roy F. Bergengren. Bergengren was a young lawyer who served primarily those who were too poor to pay, working almost as a civil servant. It was his experiences seeing his clients foreclosed, ravaged by loan sharks and their collectors, and other poor financial conditions that moved him towards credit unions. In 1920, Bergengren heard that the MCUA was looking for a new managing director and approached Filene; after only a few minutes of conversation, Filene offered him the job.<sup>29</sup> Their mission was to establish unity within the credit union movement from those who supported it, like existing credit unions and its employees. Filene and Bergengren established an organization comprising of delegates from various Massachusetts credit unions. It was known as the “league” and its purpose was to “promote interest and

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<sup>28</sup> Moody and Fite, *The Credit Union Movement*, 70.

<sup>29</sup> *Ibid.*, 79.

cooperation between credit unions and members of credit unions.”<sup>30</sup> The next step was to promote credit unionism at the national level. Filene was so passionate at this point in his endeavor he confided in Bergengren stating he was willing to put up his own money to get it started. Filene put Bergengren to work immediately as the architect in the development of what was to become the Credit Union National Extension Bureau (CUNEB).

The CUNEB opened its office in July of 1921, and immediately set three primary functions, that would be the responsibility of Bergengren. First, he was to try and establish and get passed laws in every state allowing the chartering of credit unions. Second, was to promote the organization of new credit unions, and third was to form a national association that would involve delegates from many of the nation’s credit unions that would take over the campaigning for credit unionism in the U.S.<sup>31</sup> For the next 13 years, Bergengren stayed employed with Filene. Bergengren was the manpower behind the movement and the architect behind the organizing of credit unions throughout the nation. By 1930, 32 states had legislation on credit unions and there were more than 1,100 functioning credit unions in the U.S.

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<sup>30</sup> Witzeling, *People, Not for Profit*, 32.

<sup>31</sup> *Ibid.*, 33



Figure 4. Edward A. Filene and Roy F. Bergengren, 1934, Estes Park, Colorado.

*Source:* Ruth Witzeling, *People, Not for Profit: The Story of the Credit Union Movement* (Dubuque: Kendall/Hunt Publishing Company, 1993), 33.

By the early 1930s the collapse of the financial sector due to the Great Depression was making it hard for Bergengren to organize credit unions at the state level when there were still states that did not have credit union laws established. What he needed was a national act that would allow the organization of credit unions in any state or territory. Bergengren campaigned across the country representing the credit union movement. With the help of Texas Senator Morris Sheppard, Bergengren helped draft legislation for a law that would allow charters to be established at either the national or state level. With many revisions and debates, Bergengren finally had the support he was looking for, as President Franklin Roosevelt wrote to the treasury secretary “I really believe in the usefulness of these Credit Unions. Would you please take it up with the Congressional Committees concerned and see if we can get it passed without

oppositions in the closing days?”<sup>32</sup> The bill was passed in the House with only two dissenting votes, but time was running out before the Senate recessed for the summer. Senator Sheppard presented the bill “amended unread.” Miraculously there was not one opposition to the law, and on July 26, 1934 President Roosevelt signed the Federal Credit Union Act into law. A few weeks later, looking back at the passage of the law Bergengren wrote to Filene stating “it was the greatest single step forward in the history of the credit union movement.”<sup>33</sup>

Though 1934 is not recent history by any means, it does take us up to what would be considered the modern times of credit unions. There has been legislation at both the state and federal level since then, but Bergengren’s statement still holds true today, the Federal Credit Union Act put the movement in full swing. Now it was up to the leaders to establish the governing boards, leagues, and administrations.

#### GOVERNING BOARDS, LEAGUES, AND FEDERAL ADMINISTRATIONS

The Federal Credit Union Act of 1934 opened the doors to credit union expansion. With that expansion, the need for organizations to promote, regulate, and insure the credit union movement was realized. The most important of all organizations is the Credit Union National Association, known as CUNA. This was the national organization that Filene had always dreamed about. Two months following the Federal Credit Union Act, 52 delegates representing credit unions from 21 states met in Estes Park, Colorado to draft a charter and by-laws for CUNA.<sup>34</sup> It was to have its headquarters in Madison, Wisconsin with the managing director being none other than Roy Bergengren. CUNA was originally designed to provide the same

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<sup>32</sup> Moody and Fite, *The Credit Union Movement*, 162-63.

<sup>33</sup> *Ibid.*, 166.

<sup>34</sup> Pugh and Ingram, *Credit Union Management*, 32.

services to credit union leagues as they did to their individual credit unions.<sup>35</sup> CUNA provides various insurance programs, promotion and management education, and organizational assistance to member credit union leagues. CUNA has evolved into an international organization promoting and supporting credit unions not only in North America, but in countries all over the world.<sup>36</sup>

State leagues are operational in all 50 states and their major responsibilities include lobbying and legislative representation, education to individual credit unions and its members, organizing new credit unions, and public relation affairs. State leagues have evolved overtime and core components are advocacy of credit union's identities and purpose to members, lawmakers, media and others. Credit union leagues also keep its member credit unions informed about laws and regulations affecting operations.<sup>37</sup>

Credit unions are federally insured institutions. What this means is that member deposits are covered in the event of a credit union's failure to sustain functional business practices. The federal program is known as the National Credit Union Administrations (NCUA). Congress passed its existence in 1970 as a governing agency responsible to charter, examine, supervise, and insure all Federal Credit Unions.<sup>38</sup> The passage of the NCUA was the equivalent to the banking industries FDIC which is a more well known Federal agency. The NCUA was a milestone because it established a sense of stability to the credit union movement. From its

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<sup>35</sup> Dublin, *Credit Unions*, 94.

<sup>36</sup> Pugh and Ingram, *Credit Union Management*, 32.

<sup>37</sup> Wisconsin Credit Union League, "One League, One Focus-Your Success!" Wisconsin Credit Union League 2005, [http://www.theleague.coop/AM/Template.cfm?Section=About\\_The\\_league&Template=/TaggedPage/TaggedPageDisplay.cfm&TPLID=9&ContentID=31833](http://www.theleague.coop/AM/Template.cfm?Section=About_The_league&Template=/TaggedPage/TaggedPageDisplay.cfm&TPLID=9&ContentID=31833) (accessed February, 2010).

<sup>38</sup> Pugh and Ingram, *Credit Union Management*, 51.

inception in 1970 until 1980, membership across the U.S. more than doubled from 22.8 million members to 46 million.<sup>39</sup>

All of the definitions given thus far of a credit union are cold and rigid but precise. Credit unions are more than that; there is a certain mystique about them, found deep in their core values. They are humanitarian institutions, whose history is one of member service. They aim to protect the vulnerable from unscrupulous lenders, and promote volunteerism within them. They are democratic structures that allow the common man to promote his abilities. One cannot put these words into numbers and figures, tables or charts. They are deeply rooted morals that make the credit union what it has been since its roots in Germany and still present today.

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<sup>39</sup> Ibid.,6.

## PART TWO

“No institution – except the church – does more good for people than credit unions.”

– Wright Patman

### RCU: HISTORY, ECONOMIC IMPACT, AND BEYOND

It could be argued that Eau Claire based RCU is today’s financial leader in the Chippewa Valley due to total assets and membership. RCU was in its first year of service to the employees of the Uniroyal Tire Company, running business out of a temporary office that was eight feet wide and ten feet long. Since its initial charter, RCU has grown exponentially from a small employee based credit union to an institution containing assets of over one billion dollars and over 115,000 members. The growth of RCU will be highlighted to show that it has had a positive impact on the Chippewa Valley by providing credit and financial services to rural and urban citizens. Major credit union principles discussed in part one will reappear within RCU; the reader will understand that it is these core components that have allowed RCU to experience the growth and stability that it has been able to maintain throughout the years. By adhering to the guiding principles of what credit unions stand for, RCU has and will continue its role as a financial leader in Western Wisconsin and beyond.

The first organizational meeting was held on April 14, 1964 at the Rubber Workers Hall in Eau Claire, Wisconsin to discuss the possibility of opening a credit union for Uniroyal employees and their family members. This organizational meeting attracted 42 people. The credit union belief is initial charter meetings need “a chairman to keep the discussion moving, a secretary should record the decisions, and there should be an agenda, that includes election of temporary chairman and secretary, explanation of the purpose of the meeting, and a review of the

proposed by-laws.”<sup>40</sup> At the meeting a field representative from the Wisconsin Credit Union League named Joseph W. Dorf was the chairman. As discussed in part one, representatives of the state leagues were often in charge of organizing new credit unions, this was Dorf’s primary responsibility and evidence of the league performing its primary focus. CUNA had also sent a representative named Joseph Robertson to the meeting and was chosen to act as secretary pro tem.<sup>41</sup>

The original charter, seen in figure 5, was issued in 1964 by the Wisconsin Commissioner of Credit Unions. This charter established that the Uniroyal employee credit union was an occupational common bond, in which the members of the credit union all work for the same employer or all work in the same industry. In this case, it was only employees of Uniroyal who were eligible for membership. Like many young credit unions, the Uniroyal employee credit union was built around a shared feeling of social and financial improvement. Uniroyal employees who became members also had to volunteer their time to the credit union and the community, as volunteerism was established as a core philosophy beginning with Hermann Schulze-Delitzsch.

In its first year of organization, RCU had grown to a total of \$121,000 in assets and a total of 619 members. The eight foot by 10 foot office was quickly outgrown. Employees realized the benefits of the credit union, resulting in the need for two different office relocations by 1966.<sup>42</sup> In 1971 RCU expanded again, and because of its success, the Members requested more services and a more convenient location/parking. In June of 1972, RCU constructed and opened its main office on Birch Street in Eau Claire; however, at this point it was only available

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<sup>40</sup> Dublin, *Credit Unions*, 34.

<sup>41</sup> Royal Credit Union, Historical Review Manuscripts 1964-2010, Royal Credit Union Archives, Eau Claire, WI.

<sup>42</sup> Ibid.

to Uniroyal employees and their families. In November of 1972 the Wisconsin Commissioner of Credit Unions gave RCU permission to add other employee groups to its field of membership;

ARTICLES OF INCORPORATION

833897

OF THE

ROYAL CREDIT UNION  
EAU CLAIRE, WISCONSIN

INDEXED Compared  
REGISTER'S OFFICE,  
Eau Claire Co., Wis. ) ss.  
Recorded March 2-1964  
at 10:30 A.M., Vol. 14 of  
Articles Page 534  
Cyrus J. J. J. J.  
Register

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317538

REGISTER'S OFFICE  
DUNN COUNTY, WISCONSIN  
Received for record the 25th day  
of April, A. D., 1964  
at 10:15 A.M. and recorded in  
Vol. 6 of 1964 on page 522-523  
H. D. SCHUTZ, Register of Deeds

APPROVED BY

WM. E. NUESSE, COMMISSIONER OF BANKS

MADISON, WISCONSIN

21 FEBRUARY 1964

Figure 5. Royal Credit Union Original Articles of Incorporation, 1964.

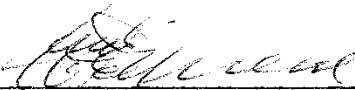
Source: Royal Credit Union, Historical Review Manuscripts 1964-2010, Royal Credit Union Archives, Eau Claire, WI.



TO ALL TO WHOM THESE PRESENTS SHALL COME:

The Commissioner of Banks of Wisconsin does hereby certify that the original Articles of Incorporation of the ROYAL CREDIT UNION of Eau Claire, County of Eau Claire, State of Wisconsin, of which the hereto attached is a duly verified copy, were on the Twenty-first Day of February, 1964, approved and filed in the State Banking Department.

IN TESTIMONY WHEREOF, I,  
Wm. E. Nuesse, Commissioner  
of Banks, have caused these  
presents to be signed and  
have affixed my official seal.  
Done at the State Office  
Building in the City of Madison,  
this Twenty-fifth Day of  
February, 1964.

  
\_\_\_\_\_  
Commissioner of Banks

State Banking Dept.  
Madison, Wisconsin  
Form BKG-CU-501

ARTICLES OF INCORPORATION

OF THE

ROYAL

CREDIT UNION

EAU CLAIRE

, WISCONSIN

KNOW ALL MEN BY THESE PRESENTS, That we, the undersigned, adult residents of the State of Wisconsin, do hereby make, sign, and agree to the following:

ARTICLES OF INCORPORATION

FIRST ARTICLE. The undersigned have associated and do hereby associate themselves together for the purpose of incorporating a credit union under and pursuant to Chapter 186 of the Laws of Wisconsin and Acts amendatory thereof and supplementary thereto. The purpose and business of this credit union shall be to promote thrift among its members, to loan its funds to them for provident purposes, and to perform those functions designated for credit unions in Chapter 186 of the Wisconsin Statutes and all amendments thereof and additions thereto.

SECOND ARTICLE. The name of said credit union shall be Royal Credit Union, and its location shall be in the City of Eau Claire, County of Eau Claire, Wisconsin.

THIRD ARTICLE. The capital of said corporation shall be unlimited in amount and shall consist of shares of the par value of Five Dollars (\$ 5.00 ) each.

FOURTH ARTICLE. The names, residences, and occupations of the persons forming this corporation are:

<u>NAME</u>	<u>RESIDENCE</u>	<u>OCCUPATION</u>
E. T. LeDue	2916 Patton Street, Eau Claire	Rubber Worker
John Barsamian	219 East Wisconsin, Chip. Falls	President, Local 19
Eugene G. Beaulieu	R. 5, Eau Claire	Tire Builder
Edward C. Falbe	3130 Fern Court, Eau Claire	Inspector
Joseph W. Johnson	1110 Melden, Eau Claire	Millner
Wilton B. Burr	1521 Fenwick Ave., Eau Claire	Tire Builder
Ready F. Carroll	R. 2, Eau Claire	Maintenance
Robert B. Cort	503 Bergen Ave., Eau Claire	Millner
Robert V. Hehli	1709 Laurel Ave., Eau Claire	Inspector
Norman A. Balow	3772 Nemita Ave., Eau Claire	Inspector
Joseph L. Lecky	1156 E. Madison, Eau Claire	Treasurer, Local 19
Avis L. Clubb	2028 S. Main, Eau Claire	Secretary, Local 19

FIFTH ARTICLE. These Articles of Incorporation may be amended by the members in accordance with Section 186.02 of the Statutes subject to the approval of the Commissioner of Banks.

IN WITNESS WHEREOF, We have hereunto set our hands, this

Ninth Day of January, A. D., 1964.

<u>E. T. LeDue</u>	<u>Ready F. Carroll</u>
<u>John Barsamian</u>	<u>Robert B. Cort</u>
<u>Eugene G. Beaulieu</u>	<u>Robert V. Hehli</u>
<u>Edward C. Falbe</u>	<u>Norman A. Balow</u>
<u>Joseph W. Johnson</u>	<u>Joseph L. Lecky</u>
<u>Wilton B. Burr</u>	<u>Avis L. Clubb</u>

IN THE PRESENCE OF:

John C. Thompson  
Joseph W. Burr

STATE OF WISCONSIN )  
COUNTY OF EAU CLAIRE ) SS

Personally came before me this Ninth Day of  
January, 1964, the aforementioned

- E. T. LeDuc
- John Barsanian
- Eugene G. Beaulieu
- Edward C. Falbe
- Joseph W. Johnson
- Wilton H. Burr
- Ready F. Carroll
- Robert B. Cozt
- Robert V. Hehid
- Norman A. Balow
- Joseph L. Looby
- Avid L. Clubb

to me known to be the persons who executed the foregoing instru-  
ment and acknowledged the same.

Joseph W. Dwyer  
Notary Public

My commission expires February 22, 1965.

for the next two years RCU went from having one employee group [Uniroyal] to having 27 employee groups. With the introduction of these employee groups, it expanded the scope that RCU was able to serve but with limitations since it remained an occupational common bond. In 1974 RCU applied for and was granted a community charter.<sup>43</sup> With a community charter RCU's membership changed from an occupational bond to a residential bond. They were now able to serve anyone who worked, lived, or went to school in Eau Claire or Chippewa County.

One can understand that the economic impact of the charter was very important to the region. The credit union was established in the 19<sup>th</sup> century for the common man to have access to savings and credit, and the philosophy had not changed. The community charter came a few years after the establishment of the NCUA; the 1970s were a time for large growth in the credit union movement. With the stability provided by NCUA, credit unions, including RCU were able to attract new membership due to the credit unions being federally insured. RCU opened a new office in downtown Chippewa Falls on June 30, 1975. The organization had grown from a volunteer staff to the need for a permanent president and staff. RCU did not stop there, On May 16, 1977 the Bellinger Street office was opened and the growth of RCU continued. Some felt that the idea of a cooperative society of people helping people was becoming less important. The economic impact of RCU's growth was crucial to the Chippewa Valley, and as a community chartered credit union, RCU was promoting its services to as many people as it could, a key aspect in the theory of what a credit union should be representative of.

The 1980s were a time of financial instability across the nation with high unemployment rates and even higher inflation rates. It was during these times that the need for a stable and secure financial institution became ever important. RCU carried its growth into the 80s with new

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<sup>43</sup> Ibid.

services and locations. In September of 1982, RCU opened a new location, the Shopko South Office. Soon after adding the Shopko branch location, in February of 1984, RCU merged with Whitehall Community Credit Union, acquiring its assets. Because Whitehall was located in Trempealeau County, Wisconsin RCU had to apply for a charter to conduct operations outside of Eau Claire and Chippewa Counties. The NCUA reviewed its charter application to expand its residential common bond. NCUA determined that Whitehall Community Credit Union was in an inferior position to RCU given the economic crisis of the 1980s, and was in a fragile state. With RCU's continued stability, its charter application was granted. RCU was now able to move into the small mostly rural community. In 1984, the citizens of Whitehall and the surrounding area now had access to a credit union that was growing and stable, able to provide services ranging from small personal loans to mortgages, all at affordable rates to every qualified member.<sup>44</sup>

Not only did the number of branches continue to grow, the amount of services that RCU was able to provide continued to grow. In 1983, RCU began offering more competitive rates on member savings with the introduction of the First Insured Fund. RCU's First Insured Fund was an NCUA federally insured Money Market Fund, which is a taxable investment account of very short maturity with rates determined by market and assessable by withdrawal instrument.<sup>45</sup>

RCU's ability to attract members to deposit their savings gave RCU the funds it needed to continue to write loans to those in need and further expand footprint in Western Wisconsin. By 1985 RCU had grown to \$117 million in assets with \$1.8 million dollars in net income, making it the largest credit union in the state of Wisconsin.

In the 1990s RCU experienced growth of services and expansion into new markets yet again; by year end 1990, total assets equaled \$158,693,528 and total membership 45,872. Total

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<sup>44</sup> Ibid.

<sup>45</sup> McLanahan, eds., *Cooperative/Credit Union Dictionary*, 81.

deposits at RCU by 1990 had equaled \$142,513,265.<sup>46</sup> It was becoming clear that RCU was an emerging industry leader in the Chippewa Valley. The information technology explosion of the 1990's put a number of new services into the hands of members. A concern with many of the expanding services was that not only RCU, but a number of credit unions were beginning to look more and more like banks and less like the credit unions organized by the pioneers in the late 19<sup>th</sup> and early 20<sup>th</sup> century. Being one of the largest credit unions in Wisconsin, it became more important than ever before to continue to practice the deeply rooted credit union philosophy. RCU did this even with its large member base by keeping close ties with the local communities, promoting its community commitment and gaining the trust of members and potential members. Credit unions had not survived for over 150 years without practicing core functions. We can refer back to the quote from Charles Hyland in the introduction "let's not forget our basic strength in the credit union movement is belief in genuine member service, the Brotherhood of Man, and the Golden Rule...A credit union is an association of people helping each other." RCU throughout its growth has maintained this genuine member service. Jon Hehli, the current Chief Financial Officer said "the biggest difference between RCU and other credit unions and banks is that when a credit union makes a decision it thinks first about its members and then about the organization. When a bank makes their decisions they think first about their stockholders and second about their customers."<sup>47</sup>

RCU took a unique approach to this in 1993. The idea of attracting members of any age is crucial to widen the footprint of an organization, and RCU widened its economic footprint with the establishment of school site branches. Credit union principles state that "The credit union's

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<sup>46</sup> National Credit Union Administration, *Royal Credit Union Quarterly Call Report*, June 1990.  
<http://cuonline.ncua.gov/CreditUnionOnline/CU/EditSubmissionPage.aspx>

<sup>47</sup> John Hehli Chief Financial Officer, RCU, interview by author, Eau Claire, WI, February 17, 2010.

duty to help young people is clear...should a credit union allow young people to participate in credit union activities, the experience of running a democratic organization is likely to last, and the credit union ought therefore make it available.”<sup>48</sup> This is just what RCU did with its school sites. RCU school sites are called “School \$ense” and the first one was established at Meadowview Elementary School in Eau Claire. The aim of the program is to develop strong saving habits at an early age. Students are able to make deposits to their RCU savings account at their elementary school directly to student employees. They are interviewed, trained, and educated on the basic world of credit union and member confidentiality. Since its inception in 1993 19 school sites have been opened in 5 different towns and cities.<sup>49</sup> From its early years, RCU promotes itself as a financial leader, but also a community partner educating members about their financial responsibility. One can see that RCU has taken this philosophy directly from Schulze-Delitzsch when he encouraged that every member get involved in the organization to educate themselves on their financial responsibilities.

One can see by observing NCUA annual financial statements that RCU was continuing its growth as an area leader. By the beginning of the twenty-first century RCU had been in operation for 36 years. To understand RCU’s footprint in the Chippewa Valley it would be beneficial to compare its size to a similar local community based financial institution. Charter Bank of Eau Claire has a mission statement: responsive, customer friendly, profitable and growing independent bank.<sup>50</sup> and RCU’s historically has been “RCU is committed to provide friendly, accurate, and prompt financial services to our Members”. Charter Bank prides itself on being the largest *bank* in the Chippewa Valley according to their website but if one rewords that statement to the largest *financial institutions* it puts RCU’s economic impact into perspective. By

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<sup>48</sup> Dublin, *Credit Unions*, 12.

<sup>49</sup> Royal Credit Union, Historical MSS, 1964-2010.

<sup>50</sup>Charter Bank, Eau Claire, WI, 2010, <https://www.charterbankec.com/aboutCharterBank.cfm> (accessed February, 2010).

December 2000, RCU's total assets had increased to \$532,433,322, total loans increased to \$453,745,501 and total membership had increased to 93,757.<sup>51</sup> In comparison, Charter Bank had \$200,131,000 in total assets and loans totaling \$126,749,000.<sup>52</sup> Clearly, RCU not only the largest financial institution but one of the most secure as well as evidence by its continued growth.

The twenty-first century brought about a rapid increase of growth to RCU. It applied to NCUA for 5 additional counties and was approved for expansion. RCU was now able to serve Rusk, Taylor, Clark, Marathon, and Wood Counties.<sup>53</sup> In 2000 RCU had a total membership potential (the population of all of the counties it served) of 225,000 people, and by the end of 2001 with the additional counties added had increased its member potential to 310,000 and had a membership total of approximately 100,000 giving it a market penetration of 33%.<sup>54</sup> The penetration in the market is evidence of RCU's credit union foundations of people helping people.

The twenty-first century has remained a time of growing for RCU as well as the overall credit union movement. To stay competitive and offer its benefits and services to its members and potential members they have continued to grow in services and technology as well as its field of membership. RCU has been the leading mortgage lender, in terms of total mortgages, in Western Wisconsin every year since 2000, and continues to expand. Recently, RCU took a step into uncharted territory, entering the Minnesota market by merging with REAL Financial Credit Union in January of 2009. This opened up a charter agreement with NCUA and the Minnesota Credit Union League, allowing RCU to provide services to a total of 30 counties, 12 of which are

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<sup>51</sup> National Credit Union Administration, *Royal Credit Union Quarterly Call Report*, December 2000. <http://cuonline.ncua.gov/CreditUnionOnline/CU/EditSubmissionPage.aspx>

<sup>52</sup> Federal Financial Institutions Examination, *Charter Bank Quarterly Call Report*, December 2000. <https://cdr.ffiec.gov/Public/ViewPDFFacsimile.aspx>

<sup>53</sup> Royal Credit Union, Historical MSS, 1964-2010.

<sup>54</sup> National Credit Union Administration, *Royal Credit Union Quarterly Call Report*, December 2001. <http://cuonline.ncua.gov/CreditUnionOnline/CU/ManageSubmission.aspx>

in Minnesota, shown in figures 5 and 6. This opened the potential membership base from 340,000 in December 2007<sup>55</sup> to 2,840,000 in March 2010.<sup>56</sup> We know from part one that credit unions that have a residential common bond can only serve individuals who live, work, or attend school in one of the counties it has been chartered for. The approval of the charter for the Minnesota counties allows RCU to continue moving forward beyond the Chippewa Valley and Western Wisconsin. The growth potential is limitless. At the end of RCU's first year [1964] there were 619 members total and today, RCU has \$1,052,473,264 in assets and a total membership of 117,001 individuals. It is evident that there is a long history and story behind the credit union movement and RCU.

Through its expansion RCU has remained committed to serving the people within its field of membership and the communities in which they live. Since 1964 RCU has continued to deliver a wide range of products and services to the diverse economic and social make-up of its members and potential members.

## CONCLUSION

The credit union movement has a deeply rooted core philosophy that began in Germany and spread through Europe through the late 1800s. The idea slowly began to take shape and with the help of a few influential individuals, it was able to make its way to North America and eventually grow to become a respected and popular industry. One idea has remained the same from their inception to the current day: to survive financially, individuals and businesses need access to affordable credit and sufficient return on their investment. These needs are always going to be present in society. As long as credit unions stick to their core philosophies and

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<sup>55</sup> National Credit Union Administration, *Royal Credit Union Quarterly Call Report*, December 2007.  
<http://cuonline.ncua.gov/CreditUnionOnline/CU/FindSubmissions.aspx>

<sup>56</sup> National Credit Union Administration, *Royal Credit Union Quarterly Call Report*, March 2010.  
<http://cuonline.ncua.gov/CreditUnionOnline/CU/ManageSubmission.aspx>

remember who it really is that pays the employees, votes for the board, and has the final say, that being the members, than they shall continue to grow and prosper.

The recent collapse of the American economy has many people pointing fingers at Wall Street and the financial sector. Large bailouts to many financial institutions has many people concerned with how their money is being handled. Credit Unions have survived the economic recession much better than many of the major financial institutions have. President and CEO of CUNA Dan Mica stated “Credit unions are not asking for a bailout and they have not needed bailout money throughout the crisis...They have capital to lend.”<sup>57</sup> Credit unions have stayed out of the bailout programs because of their conservative lending practices and sound investments of members’ deposits. Mica’s comments reaffirm that more than ever, credit unions will be called upon to provide the same sound financial services they have been providing since their origins in Germany.

As the credit union movement continues into a new decade, the ever present and growing role of technology in lives of its members will push credit unions to be adaptive institutions able of serving its members with the highest levels of protection from technology based crimes, but also offering new services that are utilized using today’s technology. Today’s credit unions look very different from the original “People’s Banks” that began 160 years ago. Instead, today many large credit unions look, dare it be said, more and more like banks. Though today’s credit unions have much in common with many banks of today, one core difference remains at the very heart of the institution: credit unions always have been and always will be democratic institutions owned by the members with the aim of people helping people, providing the most affordable

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<sup>57</sup> Credit Union National Association, “CUNA CEO Mica to Testify on Member Business Lending,” CUNA, <http://www.cuna.org/newsnow/archive/list.php?date=051710> (accessed May 18, 2010).

borrowing rates and competitive saving rates in order to establish financial security and responsibility to its members

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