

Credit Unions ^[1]

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by Sanford L. Boswell, 2006



Lowes Grove Credit Union, built in 1916. Image

Additional research provided by Phillip W. Evans.courtesy of OpenDurham.

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Practical cooperative credit was developed in Germany in the mid-1800s. In 1913 John Sprunt Hill ^[3], a wealthy Duplin County ^[4] businessman and chairman of North Carolina's banking commission, was a member of an American delegation to Europe to study successful systems of cooperative finance, production, and marketing in seven countries. Hill was moved by a statue in Germany memorializing Raiffeisen and depicting the farmers' plight before the creation of credit unions and their prosperity through credit unions. Upon his return to North Carolina, Hill worked to gain farmers' support for the passage of the McRae Credit Union Bill, enacted in 1915. Because of this original rural focus, North Carolina was the only state to place its Credit Union Division under the Department of Agriculture ^[5], where it stayed until it was transferred in 1971 to the Department of Commerce.

Lowe's Grove Credit Union ^[6], organized in 1915 after the legislature passed the McRae bill, was the first rural credit union in North Carolina and perhaps the first in the nation. The credit union started with a membership of 24 local farmers and businessmen and a program of 6 percent loans, cooperative buying, and thrifty management. With greater prosperity, the community obtained a charter of incorporation in 1919 that allowed a local government to levy taxes and issue bonds for public services.

In 1923 the Raleigh Post Office Employees Credit Union, which is the oldest credit union still operating in the state, became the first urban credit union. In 1934 the Credit Union National Association ^[7] was formed, and the North Carolina Credit Union League ^[8] was formed and admitted to membership that year. The State Employees' Credit Union ^[9] is the largest state-chartered credit union in the United States and is also a model for minority and community credit unions. At the beginning of the twenty-first century, credit unions in the North Carolina Credit Union League boasted \$9.9 billion in assets and 1.9 million members in 182 credit unions.

References:

Fran Gariglio, ed., *The North Carolina Credit Union League at Fifty* (1984).

J. Carroll Moody and Gilbert C. Fite, *The Credit Union Movement: Origins and Development, 1850-1970* (1971).

Additional Resources:

Lowes Grove Credit Union, NC Highway Historical Marker G-114: <https://www.ncdcr.gov/about/history/division-historical-resources/nc-highway-historical-marker-program/Markers.aspx?ct=ddl&sp=search&k=Markers&sv=G-114%20-%20RURAL%20CREDIT%20UNION> ^[6]

Image Credit:

Lowes Grove Credit Union, built in 1916. Image courtesy of OpenDurham. Available from <http://www.opendurham.org/buildings/lowes-grove-credit-union> ^[2] (accessed October 30, 2012).

Subjects:

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N.C. Industrial Revolution (1900-1929) ^[11]

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