



**N C B A N K E R S**  
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## **Recent Report Critical of Credit Unions**

A **recent report** found that credit unions are falling short of their mission to serve households of “small means.” In fact, according to the research by respected analyst Karen Shaw Petrou, credit union members are disproportionately from middle- and upper-income households, and credit unions’ lack of “mission compliance” deepens U.S. economic inequality.

The report from Petrou’s firm, Federal Financial Analytics, found that the National Credit Union Administration maintains no data on credit unions’ effectiveness at providing financial services to people of “small means,” and that its definition of “low-income” is far more expansive than that used by other federal agencies. As a result, she found, designated low-income credit unions simply replace community bank credit instead of providing new credit.

The report also found that credit unions evade the Federal Credit Union Act’s mandate to provide credit for “provident or productive purposes” by making risky and even “predatory” loans—including subprime auto loans and, notoriously, taxi medallion loans that resulted in several credit union failures and saddled vulnerable borrowers with massive debts. The report recommends renewed policymaker and public attention to the credit union mission and effective enforcement to ensure that it is meaningfully and materially achieved.

Policymakers are being strongly encouraged to read this report so they can judge for themselves if today’s credit union industry is meeting the mission Congress intended, and whether the NCUA is providing the regulatory oversight consumers deserve.

[Read the report](#) ▶ | [Read the Federal Financial Analytics news release](#) ▶