

[Home](#) > [Review of Industrial Organization](#) > Article

U.S. Financial Services Consolidation: The Case of Corporate Credit Unions

Published: March 2001

Volume 18, pages 229–241 (2001) [Cite this article](#)[Save article](#)[View saved research](#) >[Review of Industrial Organization](#)[Aims and scope](#) →[Submit manuscript](#) →W. Scott Frame¹ & Tim J. Coelli¹[247](#) Accesses [35](#) Citations [Explore all metrics](#) →

Abstract

This paper estimates a stochastic cost frontier for U.S. corporate credit unions using call report data for 1992–1997. The results indicate that corporate credit unions were 91 percent cost efficient, on average, over this period and that institutions passing a larger percentage of their investments to U.S. Central Credit Union are more cost efficient. However, the economic magnitude of estimated efficiency gains from investment concentration is found to be modest. We conclude that the current three-tier hierarchical structure for the U.S. credit union industry is likely to endure.



Access this article

Log in via an institution →

Subscribe and save

✓ Springer+

from €37.37 /Month

- Starting from 10 chapters or articles per month
- Access and download chapters and articles from more than 300k books and 2,500 journals
- Cancel anytime

View plans →

Buy Now

Buy article PDF 39,95 €

Price includes VAT (Poland)

Instant access to the full article PDF.

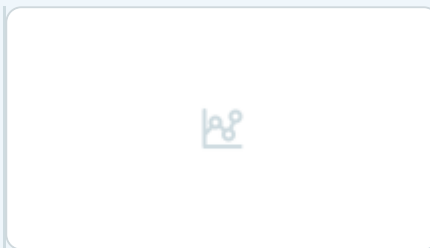
[Institutional subscriptions](#) →

Similar content being viewed by others



Credit Union

Chapter | © 2020



Do Credit Unions Serve the Underserved?

Article | 07 January 2021



Signals influencing corporate credit ratings—a systematic literature review

Article | 01 March 2023

Explore related subjects

Discover the latest articles, books and news in related subjects, suggested using machine learning.

[Corporate History](#)

[Corporate Finance](#)

[Financial Economics](#)

[Financial History](#)

[Industrial Organization](#)

[North American Economics](#)

References

Battese, G. E., and T. J. Coelli (1992) 'Frontier Production Functions, Technical Efficiency, and Panel Data: With Application to Paddy Farmers in India' *The Journal of Productivity Analysis*, **3**, 153-169.

Battese, G. E., and T. J. Coelli (1995) 'A Model for Technical Efficiency Effects in a Stochastic Frontier Production Function for Panel Data' *Empirical Economics*, **20**, 325-332.

Berger, A. (1993) 'Distribution-Free Estimates of Efficiency in the U.S. Banking Industry and Tests of the Standard Distributional Assumptions' *The Journal of Productivity Analysis*, **4**, 261-292.

Berger, A., and D. Humpherey (1997) 'Efficiency of Financial Institutions: International Survey and Directions for Future Research' *European Journal of Operations Research*, **98**, 175-212.

Coelli, T. (1996) 'A Guide to FRONTIER Version 4.1: A Computer Program for Stochastic Frontier Production and Cost Function Estimation' Centre for Efficiency and Productivity Analysis (CEPA) Working Paper 96-07, University of New England, Australia.

Fried, H., K. Lovell, and P. Vanden-Eeckart (1993) 'Evaluating the Performance of

U.S. Credit Unions' *Journal of Banking and Finance*, **17**, 251-265.

Fried, H., K. Lovell, and S. Yaisawarng (1999)'The Impact of Mergers on Credit Union Service Provision' *Journal of Banking and Finance*, **23**, 367-386.

Kane, E., and R. Hendershott (1996)'The Federal Deposit Insurance Fund that Didn't Put a Bite on U.S. Taxpayers' *Journal of Banking and Finance*, **20**, 1305-1327.

Kwan, S., and R. Eisenbeis (1996)'An Analysis of Inefficiencies in Banking: A Stochastic Frontier Approach' *Federal Reserve Bank of San Francisco's Economic Review*, **2**, 16-26.

Mester, L. (1987)'A Multiproduct Cost Study of Savings and Loans' *Journal of Finance*, **42**, 423-445.

Mester, L. (1989), 'testing for Expense Preference Behavior: Mutual versus Stock Savings and Loans' *RAND Journal of Economics*, **20**, 483-498.

Mester, L. (1991)'Agency Costs among Savings and Loans' *Journal of Financial Intermediation*, **1**, 257-278.

Smith, Donald (1984)'A Theoretic Framework for the Analysis of Credit Union Decision Making' *Journal of Finance*, **69**, 1155-1168.

Smith, D., T. Cargill, and R. Meyer (1981), *Journal of Finance*, **66**, 519-528.

U.S. Treasury Department (1997) *Credit Unions*. Washington, DC: Government Printing Office.

Author information

Authors and Affiliations

Centre for Efficiency and Productivity Analysis, School of Economic Studies, University of New England, Armidale, NSW, 2351, Australia

W. Scott Frame & Tim J. Coelli

Rights and permissions

[Reprints and permissions](#)

About this article

Cite this article

Frame, W.S., Coelli, T.J. U.S. Financial Services Consolidation: The Case of Corporate Credit Unions. *Review of Industrial Organization* **18**, 229–241 (2001). <https://doi.org/10.1023/A:1007831600451>

Issue date

March 2001

DOI

<https://doi.org/10.1023/A:1007831600451>

[Credit union](#)

[consolidation](#)

[cost efficiency](#)

[stochastic frontier](#)

Search

Search by keyword or author



Navigation

Find a journal

Publish with us

Track your research

