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# Service Productivity in U.S. Credit Unions

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## [The Service Productivity and Quality Challenge](#)

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 Part of the book series: [International Studies in the Service Economy](#). ((ISSE, volume 5))

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## Abstract


Credit unions play an important role in the financial intermediation segment of the service sector of the U.S. economy. Most credit unions are minuscule relative to the commercial banks and other financial institutions with which they compete, yet in 1990 over 14, 000 credit unions provided deposit and loan services to some 61 million members. Their significance stems not from their diminutive size, however, but from their organizational structure and their legal status. They are not-for-profit cooperative enterprises, pursuing different objectives than other financial intermediaries, under different legal and institutional constraints. Since

credit unions serve so many members, many of whom have little or no contact with other financial intermediaries, their competitive viability is a matter of no small import. The financial condition of credit unions is monitored by the industry's main regulatory body, the National Credit Union Administration (NCUA). The NCUA uses as its criteria various financial ratios, and has the objective of ensuring the financial safety and soundness of the industry. The industry's trade association, the Credit Union National Association (CUNA), is currently seeking a way of monitoring the industry's performance on a different set of criteria: the ability of credit unions to provide their membership with a range of services that is of sufficient quantity and quality to ensure the continued competitive viability of the industry. Thus while NCUA's orientation is toward financial soundness, CUNA's orientation is toward service provision.

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We would like to thank Dr. Albert Burger, Director, Center for Credit Union Research, School of Business, University of Wisconsin-Madison, and Dr. Robert Hoel, Director, Filene Research Institute, for their guidance and support through the duration of this project.

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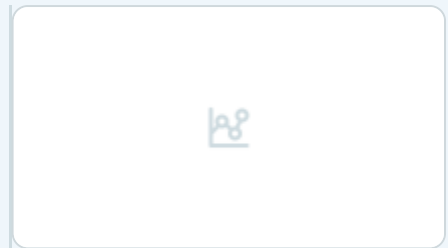
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### Cite this chapter

Fried, H.O., Lovell, C.A.K., Vanden Eeckaut, P. (1995). Service Productivity in U.S. Credit Unions. In: Harker, P.T. (eds) The Service Productivity and Quality Challenge. International Studies in the Service Economy, vol 5. Springer, Dordrecht. [https://doi.org/10.1007/978-94-011-0073-1\\_14](https://doi.org/10.1007/978-94-011-0073-1_14)

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