

The Effect of the Common Bond and Membership Expansion on Credit Union Risk

W. Scott Frame, Gordon V. Karels, Christine McClatchey

First published: 28 June 2008
<https://doi.org/10.1111/1540-6288.00031>
Citations: 28

✉ Gordon V. Karels Nebraska Bankers Association College Professor of Banking, Finance Department, UNL, Lincoln, NE 68599-0405; Phone: (402) 472-3860; Fax: (402) 472-5180 gkarels@unl.edu

Abstract

This paper empirically examines differences in credit union risk profiles based on membership type and membership expansion via select employee groups (SEGs). We find that (1) occupational credit unions have a greater exposure to concentration risk, which they hedge by holding greater proportions of capital, (2) the presence of SEGs is negatively related to credit union capital ratios and positively related to loan-to-share ratios, and (3) the number of SEGs and the proportion of loan delinquencies are positively related. We conclude that credit union membership expansion results in reduced concentration risk and expanded investment opportunities, but also dilutes the informational advantages associated with tight common bonds.

Citing Literature



[Download PDF](#)

ABOUT WILEY ONLINE LIBRARY

[Privacy Policy](#)

[Terms of Use](#)

[About Cookies](#)

[Manage Cookies](#)

[Accessibility](#)

[Wiley Research DE&I Statement and Publishing Policies](#)

[Developing World Access](#)

HELP & SUPPORT

[Contact Us](#)
[Training and Support](#)
[DMCA & Reporting Piracy](#)

OPPORTUNITIES

[Subscription Agents](#)
[Advertisers & Corporate Partners](#)

CONNECT WITH WILEY

[The Wiley Network](#)
[Wiley Press Room](#)

Copyright © 1999-2025 John Wiley & Sons, Inc or related companies. All rights reserved, including rights for text and data mining and training of artificial intelligence technologies or similar technologies.

WILEY