

their health was too poor for them to do any kind of work. In this category were a fourth of all the married men. Inability to pay for medical care undoubtedly explains its lack in many of these cases, because two-thirds of the couples who had no med-

ical care or spent very little for it had a money income of less than \$900. As the beneficiaries grow older, their need for medical care will increase. At the same time the income and assets of many will decline.

A large majority of the widow-

child groups had insufficient money income or other resources to defray the cost of a serious illness. Some widows drew on their assets or went into debt, and some postponed operations or other medical care needed by themselves or their children.

## Notes and Brief Reports

### Use of Pay-Roll Deductions by Federal Credit Unions

Year-end financial and statistical reports made to the Bureau of Federal Credit Unions show that, as of December 31, 1948, almost 1,300 or 38 percent of the 3,410 occupational-type Federal credit unions were using pay-roll deductions to collect members' payments on shares and loans. Federal employee credit unions made up the largest single group of Federal credit unions not using pay-roll deductions.

Federal credit unions operating with a system of pay-roll deductions were fewer in number than those without such a system. They had, however, greater assets, their members held more shares, and their outstanding loans were higher (table 1).

When averages are used instead of totals, additional significant differences appear (table 2). Federal credit unions with pay-roll deductions

**Table 1.—Selected data on occupational-type Federal credit unions with and without pay-roll deductions, as of December 31, 1948**

| Item                                                   | With pay-roll deductions | Without pay-roll deductions |
|--------------------------------------------------------|--------------------------|-----------------------------|
| Number of occupational-type Federal credit unions..... | 1, 284                   | 2, 126                      |
| Members:                                               |                          |                             |
| Actual.....                                            | 687, 306                 | 810, 499                    |
| Potential.....                                         | 1, 254, 218              | 2, 217, 166                 |
| Shares (members' savings).....                         | \$116, 887, 486          | \$98, 900, 508              |
| Assets.....                                            | \$127, 239, 720          | \$109, 556, 178             |
| Loans outstanding:                                     |                          |                             |
| Number.....                                            | 278, 421                 | 317, 520                    |
| Amount.....                                            | \$62, 441, 934           | \$61, 628, 078              |
| Delinquent loans:                                      |                          |                             |
| Number.....                                            | 15, 115                  | 36, 714                     |
| Amount.....                                            | \$2, 289, 960            | \$5, 105, 916               |
| Loans granted, 1948:                                   |                          |                             |
| Number.....                                            | 622, 443                 | 520, 521                    |
| Amount.....                                            | \$137, 635, 524          | \$114, 060, 991             |
| Income, 1948.....                                      | \$6, 676, 424            | \$6, 281, 730               |
| Expenses, 1948.....                                    | \$2, 625, 451            | \$2, 750, 944               |

had, for example, a lower average potential membership but a higher average number of actual members; the ratios of actual to potential membership in the two categories were 53.2 and 36.6 percent. An employer's provision for pay-roll deductions is apparently considered an endorsement of the plan, and this probably has a positive effect on employees' participation in the credit union.

The average loan granted during 1948 was approximately the same amount for both categories. Members of Federal credit unions with pay-roll deductions apparently make more use of the loan service provided by their credit union, however, since relatively more loans were granted to them—93 for every 100 members in contrast to 64 per 100. At the same time, the lower percentage of delinquency for Federal credit unions with pay-roll deductions (3.7 percent compared with 8.3) indicates that such deductions are an important aid in collecting loans, and—since the better control of delinquency undoubtedly tends to liberalize loan policies and credit committee operations—they are also a factor in promoting a more complete loan service to members.

In the organizations with pay-roll deductions, members have average share balances of \$175; in the other category, members had an average of \$122. This substantial difference warrants the conclusion that the former type of organization is on the average more effective in promoting thrift among members.

Federal credit unions with pay-roll deductions had a slight advantage in the relationship of net earnings to total income; their ratio was 60.6, as compared with 56.3 for the other category. This difference is at least partly explained by the fact that pay-roll deductions simplify the collection

of payments by cutting down the number of window transactions and thus reducing the operating costs.

When all Federal credit unions of the occupational type are classified by the year chartered, it is found that those with pay-roll deductions are somewhat older, on the average, than the others. Membership, ratio of actual to potential members, total assets, average share holdings, average net earnings, and volume of loans are higher for the Federal credit unions that have been in operation for longer periods. The rate of growth is faster for the Federal credit unions with pay-roll deductions.

**Table 2.—Selected averages of occupational-type Federal credit unions with and without pay-roll deductions, as of December 31, 1948**

| Item                                                                              | With pay-roll deductions | Without pay-roll deductions |
|-----------------------------------------------------------------------------------|--------------------------|-----------------------------|
| Number of occupational-type Federal credit unions.....                            | 1, 284                   | 2, 126                      |
| Ratio (percent) to total number of type.....                                      | 37. 7                    | 62. 3                       |
| Membership:                                                                       |                          |                             |
| Average actual.....                                                               | 520                      | 381                         |
| Average potential.....                                                            | 977                      | 1, 043                      |
| Ratio (percent) of actual to potential members.....                               | 53. 2                    | 36. 6                       |
| Assets:                                                                           |                          |                             |
| Average.....                                                                      | \$99, 096                | \$51, 532                   |
| Average per member.....                                                           | \$191                    | \$135                       |
| Average shares per member.....                                                    | \$175                    | \$122                       |
| Loans outstanding:                                                                |                          |                             |
| Average number.....                                                               | 217                      | 149                         |
| Average amount.....                                                               | \$48, 631                | \$28, 988                   |
| Average size of loan.....                                                         | \$224                    | \$194                       |
| Ratio (percent) of outstanding loans to total assets.....                         | 49. 0                    | 56. 0                       |
| Loans granted, 1948:                                                              |                          |                             |
| Average number.....                                                               | 485                      | 245                         |
| Average amount.....                                                               | \$107, 193               | \$53, 651                   |
| Average size of loan.....                                                         | \$221                    | \$219                       |
| Ratio (percent) of number of loans granted to number of actual members.....       | 93. 0                    | 64. 0                       |
| Delinquent loans:                                                                 |                          |                             |
| Average number.....                                                               | 12                       | 17                          |
| Average amount.....                                                               | \$1, 763                 | \$2, 402                    |
| Ratio (percent) of amount of delinquent loans to amount of loans outstanding..... | 3. 7                     | 8. 3                        |
| Average income, 1948.....                                                         | \$5, 200                 | \$2, 955                    |
| Average expenses, 1948.....                                                       | \$2, 045                 | \$1, 294                    |
| Average net earnings, 1948.....                                                   | \$3, 155                 | \$1, 661                    |
| Ratio (percent) of net earnings to total income.....                              | 60. 6                    | 56. 3                       |