

Credit Union Trends Report

Executive Summary January 2025

TruStage's Chief Economist, Steven Rick, shares trends of lending volume and credit quality. Additional highlights this month include:

Economy

- We are forecasting real gross domestic product to rise 2.3% in 2025, slightly above the long-run average of 2%, creating the "soft landing" scenario the Federal Reserve is shooting for.
- First and foremost, the long and variable lags of tight monetary policy will weigh on job gains which in turn slows economic growth.
- Other factors slowing the economy include less immigration and labor force growth, a rise in the personal savings rate, and the rise in the value of the dollar reducing exports.
- Even though a recession is always a possibility, we are putting its probability at 20% for 2025.

Lending

- Over the past 12 months, total credit union loan balances rose 2.4%, below the 7.2% long-run average.
- Credit union consumer installment credit fell 1.4% over the last year, which is significantly below its 30-year average annual growth rate of 6.3%.
- Expect auto sales to rise above the 17 million pace in 2025 due to continued job growth, lower interest rates and a steady growth in inventories.
- Expect mortgage originations to rise 10% in 2025 as the economy continues its expansion and mortgage interest rates fall approximately ½ a percentage point throughout 2025.
- We expect overall credit union loan growth to rise to 5.0% in 2025 due to lower interest rates, faster deposit growth lessening credit union liquidity pressures and rising consumer demand for durable goods.

Members/Assets

- The average credit union member was sitting on \$13,808 in deposits in November 2024, up \$411 from the \$13,397 set back in November 2023.
- We expect credit union savings balances to rise 6.5% in 2025.
- During the last 12 months, credit union memberships rose 2.2%, the slowest pace since 2012.
- We expect the pace of credit union membership growth to rise to 3.0% in 2025 while the U.S. population growth rate falls to 0.75%.

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