

Credit Union Trends Report

Executive Summary November 2023

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

Economy

- Over the last year, the drawdown of excess savings has kept consumer spending strong, economic growth above its long run 2% trend and the economy out of a recession.
- And when adjusted for inflation, real savings per member has been declining since April 2021 when it reached a record high of \$15,700.
- Today real savings per member (\$13,471) is at a level it would have been without the COVID-19 pandemic given its normal annual growth of 0.8%.
- Going forward into 2024, consumers will be reluctant to reduce further their dollar amount of savings because continued deposit withdrawals would reduce their real savings balances below the level consumers would feel comfortable.

Lending

- The credit union average loan-to-savings ratio rose to 85.1% in September, up from 78.5% in September 2022, due to loan growth (9.2%) exceeding savings deposit growth (0.7%) during the last 12 months.
- Based on current trends, credit union lending growth is expected to rise 4% in 2024 while savings balances increase only 3%.
- Credit unions now hold 15.6% of all consumer credit, up from the 14.8% reported in September 2022.
- On a monthly basis, credit union new-auto loan balances fell 0.2% in September, still better than the decline of 0.5% reported in September 2022. New-auto loan balances rose 6.1% during the last 12 months while used auto loan balances rose 6.6%.
- Despite the higher interest rates, home prices rose 0.9% in August from July, according to the Core Logic Home Price Index, and increased 2.6 year-over-year.

Members/Assets

- Credit union members' demand for "money deposits" (i.e., checking, savings and money market accounts) fell at a 9.1% seasonally adjusted annualized rate in September and has been in negative territory since July of 2022
- Expect 2023 to be the weakest year for deposit growth, and 2024 to see 3% deposit growth.
- Credit unions added more than 3.5 million memberships in the first nine months of 2023, below the 4.7 million added in the similar time period of 2022.

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Source: November 2023, CUNA Economics & Statistics and TruStage Economics. This report on key CU indicators is based on data from TruStage E&S's Monthly Credit Union Estimates, the Federal Reserve Board, and TruStage – Economics

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