

# Dumbarton Credit Union

## ~ International History ~



Credit Unions originated in Europe in the 1840s. Like most co-operatives credit unions began because the needs of people were not being met. During this time, Europeans were suffering from the effect of the Napoleonic wars, drought, famine, and resettlement from farms to city slums where they earned low wages in the new factories of the day. Moneylenders kept people in debt from generation to generation, causing families to lose their possessions and their land.

Many people played a significant role in the early years of the credit movement. One was a German, Hermann Schultz-Delitzsch, establishing 103 of these 'people's banks' by 1859 in two Provinces of Germany. Another German, Frederick Wilhelm Raiffeisen, a wine merchant and mayor of Flammersfield facing the severe economic conditions of the time in Europe tried to use charity to alleviate the situation for the poor citizens. When this effort failed he decided to organise people on a business-like basis and give them the opportunity to work to help themselves. His first 'self-help' society was formed in 1849. These organisations became known as Reiffeisenkassen and by 1888 they had joined into regional organisations with a Central organisation that served as a clearing and liquidity manager.

Luigi Luzzatti, an Italian credit union pioneer, started with a chair, a table, £20 of his own money and £120 from interested friends. His office was the pavement in Milan and his organisation provided self-help to farmers and labourers. He also got the support of the church that gave great impetus to the co-operative movement in the Italian rural areas.

In the late 1800s and early 1900s in North America credit was an integral part of the settlers lifestyle, and with credit came unscrupulous moneylenders. Laws were passed that called for imprisonment for debt. People could go to jail for debts as low as 2 cents.

Eventually, there were individuals who called for changes. The first credit union was started in 1900 in Levis, Quebec. Over the next 60 years the world saw significant growth of credit unions in Canada, America, Australia, and Ireland.

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Credit Union membership presently across the world is over 118 million members in 85 countries. The most successful credit unions are in the advanced English-speaking countries.

**In Ireland, 50% of the population belong to a credit union, in America and Australia, the figure is around 30%. Credit unions are also growing fast in Eastern Europe, parts of South America, Africa and the Far East.**

Credit unions originated out of the European co-operative tradition. A unique design evolved in North America and spread throughout the globe and to Britain in the 1970's.

Credit unions took some time to take off in England, Scotland and Wales. People who had seen the idea work in Ireland and the Caribbean were amongst the first British credit union pioneers, as were people who heard about the idea from relatives in Canada and elsewhere.