

Credit Union Trends Report

Executive Summary March 2024

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

Economy

- We expect the Federal Reserve to lower the fed funds rate this summer as inflation approaches its 2% inflation target.
- Markets are now expecting three 25 basis points cuts in the second half of 2024.
- We expect credit union lending to continue to slow throughout 2024 with loan growth coming down to only 4% this year.

Lending

- Credit union loan balances rose only 6.1% during the last 12 months, more than one percentage point below the 7.2% long-run average.
- With loans growing faster than assets during the last 12 months, credit unions' loan-to-asset ratio rose to 71.2% in January 2024, up from 69.9% one year ago and the highest January reading since 2019.
- For 2024, expect new vehicle sales to approach 16.2 million, up 4.5% from the 15.5 million vehicle sales in 2023.
- So, expect real home prices to decline over the next few years given the imbalance between median house prices and median incomes.
- Credit unions are responding to this tighter liquidity by raising the interest rates on their deposit accounts, which will increase their overall cost of funds this year.

Members/Assets

- Credit union savings balances fell 0.3% in January due to members paying down credit card balances (which declined 0.7%) that were built up during the 4th quarter of 2023.
- Currently, the average credit union member has a total of \$13,415 on deposit at their credit union, down from the \$13,505 in January 2023.
- We expect credit union deposits to increase only 3% this year, below the long-run average of 7%, as some interest-rate sensitive deposits move to higher yielding alternatives.
- Total credit union memberships reached 142.1 million in January 2024, which, in percentage terms, rose 0.13% in January and 2.9% during the last 12 months.

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Source: March 2024, 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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