

# **The relationship between credit union objects and cooperative philosophies.**

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## **ABSTRACT**

To put the objects of credit unions into context within the co-operative movement, the history of co-operative institutions and the development of international co-operative principles are explained. This sets the stage for analysing how the credit union philosophies fit within international co-operative philosophies. Research on credit union objective functions and how these can be interpreted in the light of common co-operative principles is considered.

It is concluded that variant objective functions exist within credit unions. This is caused by the unique ownership structure and the diversity of objects that are required under credit union legislation. Economic models suggested (a priori) to explain the behaviour of credit unions couldn't be discounted, as different credit unions may interpret the purpose of the principles in different ways and may also try to achieve these objectives by different means. Hence, it could be concluded that some credit unions follow economic objectives in an attempt to achieve the co-operative principles. It is also suggested that credit union behaviour converges with the behaviour of other financial institutions as size increases.

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