

Cash Flows of Credit Unions in Taiwan (1917-1945): Case Study of Kaohsiung-based Chungchou Credit Union and Hsingyeh Credit Union

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ABSTRACT

Drawing archival materials from the Kaohsiung Third Credit Cooperative and using its predecessors, the Kaohsiung-based Chungchou Credit Union (1917-1926) and Hsingyeh Credit Union (1926-1945) as case study examples, this research analyzes how Taiwan's financial network operated between 1917 and 1945, during which credit unions took center stage.

This paper first discussed the standing of the two case credit unions in the financial sector, and then examined the financial indicators, including deposits, loans, interest rates, and bank borrowings, before and after the outbreak of Sino-Japanese War in 1937. These investigations shed light on the development of a cash flow network before and after the legalization of credit unions in 1913 and the impact of such a network on the establishment of the community financial network. The study also traced the changes in the aforementioned financial indicators when the local society of Taiwan evolved gradually into a wartime economic system following the outbreak of the Sino-Japanese War, as well as the causes to these changes. The analyses revealed the role of credit unions in the wartime economic system and the qualitative changes in their financial functions during this period.

Through the analysis, this study elucidated the multifaceted nature of credit unions in the construction of Taiwan's community financial network under Japanese colonial rule. Initially designed as community financial entities to address the demand for small loans in place of banks short on capital, credit unions evolved into lenders for small farmers and business operators by absorbing floating capital in local society and taking corporate loans from banks. During wartime, the credit unions' function of absorbing floating capital was

reinforced, and they were tasked with clearing the debts of the Japanese government and implementing financial mobilization policies as they were included in the Total War support system along with Taiwan's local society.

Keywords: Japanese Colonial Rule, Local Society of Taiwan, Credit Union, Community Financial Network, Wartime Economy