

# ***The Benefits of Membership***

***National***

***June 2014***

***Prepared by:***

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# The Benefits of Credit Union Membership

Credit unions generally provide financial benefits to members through lower loan rates, higher saving rates, and fewer, lower fees than banking institutions.

The Credit Union National Association (CUNA) estimates that credit unions provided \$6,678,795,064 in direct financial benefits to the nation's 97,204,418 members during the twelve months ending June 2014.

**These benefits are equivalent to \$69 per member or \$131 per member household <sup>(1)</sup>.**

Estimated total benefits of credit union membership are calculated by accounting for differences in credit union and bank pricing. Specifically, average credit union savings account yields, loan interest rates and fees are compared to average bank savings account yields, loan interest rates and fees. The interest rate differences are then applied to respective average credit union loan and savings balances. Fee differences are weighted and applied to credit union non-interest income to obtain the total estimated benefits arising from fees.

Credit union per-member and per-household benefits are substantial. But, these benefits are *averages*. Mathematically, that means the total benefits provided are divided across all members (or all member households) - even those who conduct very little financial business with credit unions.

Consider this:

**Financing a \$25,000 new automobile for 60 months at credit unions will save members an average \$168 per year in interest expense compared to what they would pay at a banking institution. That's approximately \$1,000 in savings over five years.**

Further, loyal members - those who use the credit union extensively - often receive total financial benefits that are much greater than the average.

Credit unions excel in providing member benefits on many loan and saving products. In particular, credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-adjustable rate, home equity loans, credit cards loans.

Credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

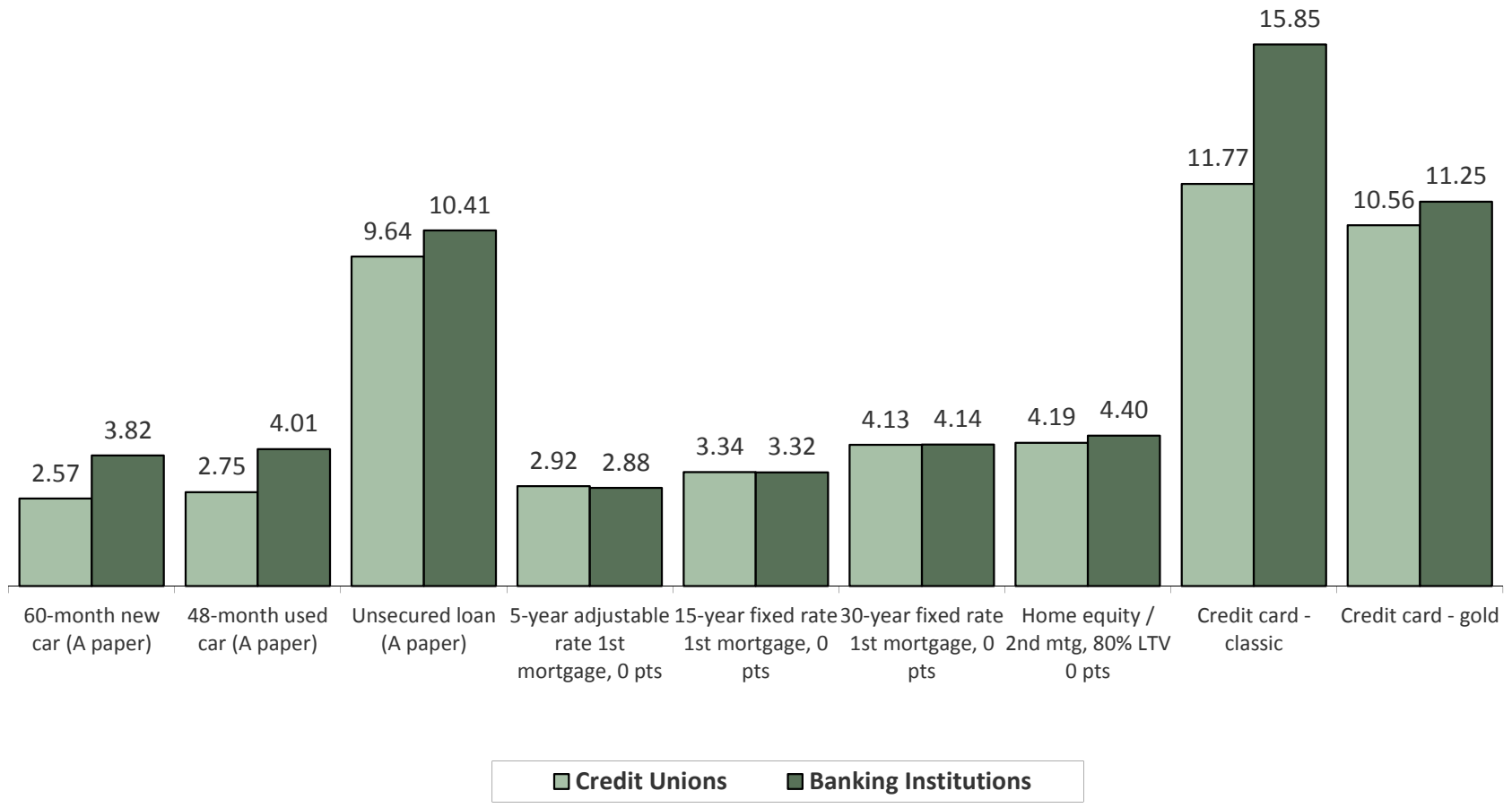


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Source: Informa Research Services Inc, NCUA, and CUNA.  
(1) Assumes 1.9 credit union members per household.

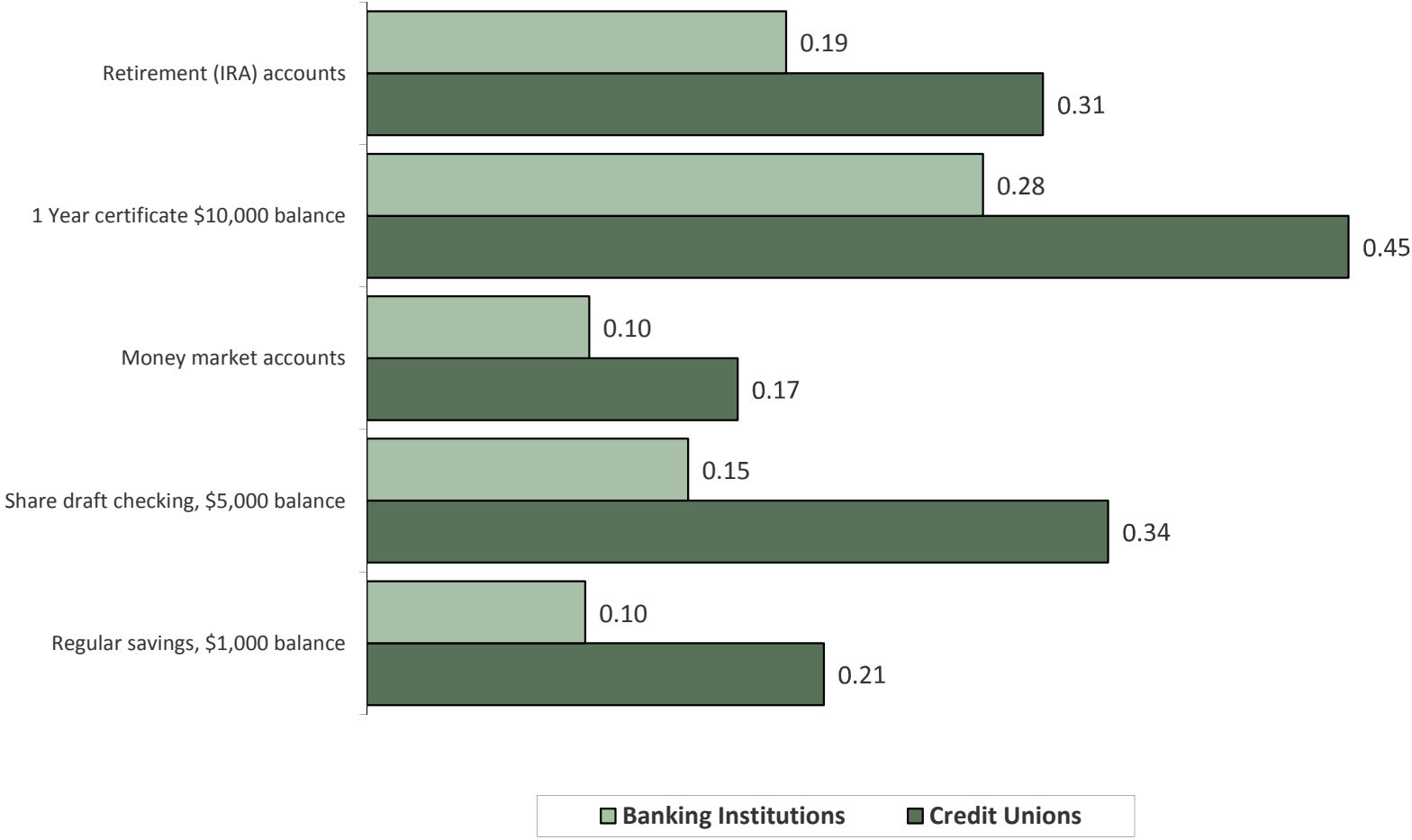
# Loan Products Comparative Interest Rates (%)

## By Loan Type

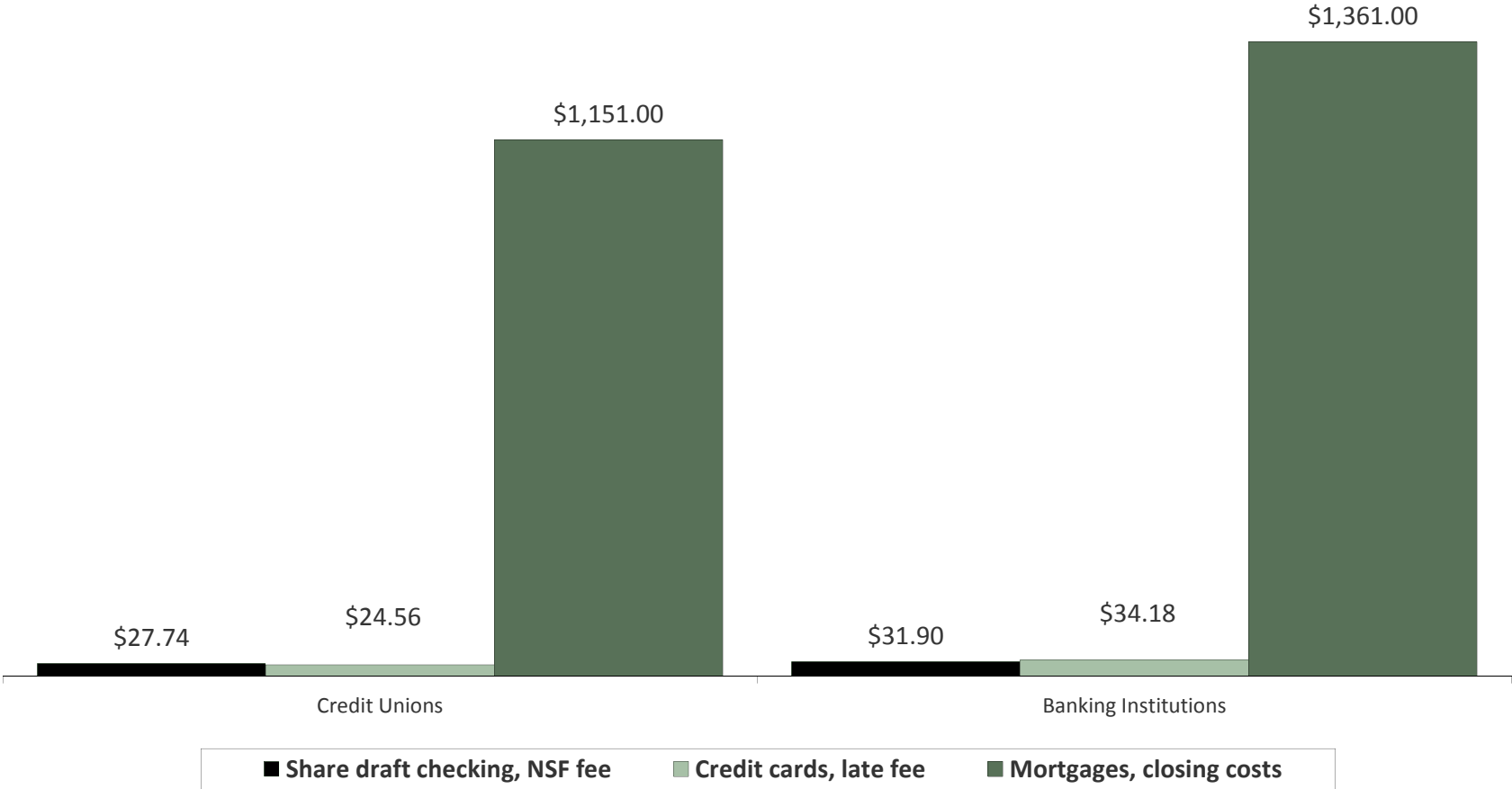


# Saving Products Comparative Interest Rates(%)

## By Savings Account Types



# Comparative Fees by Type

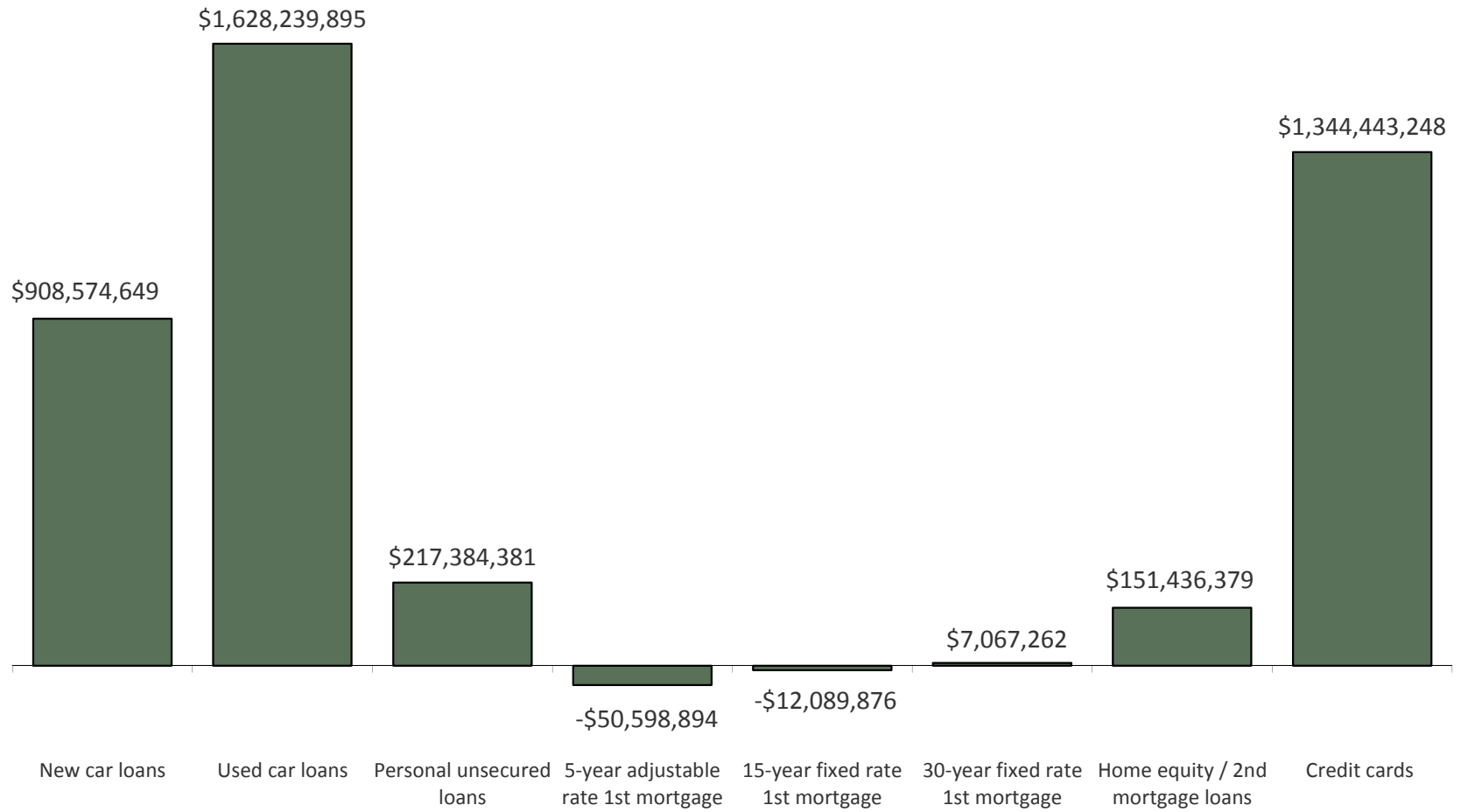


**Credit Union and Banking Institution**  
**Mid-Year 2014 Average Interest Rates and Fees**

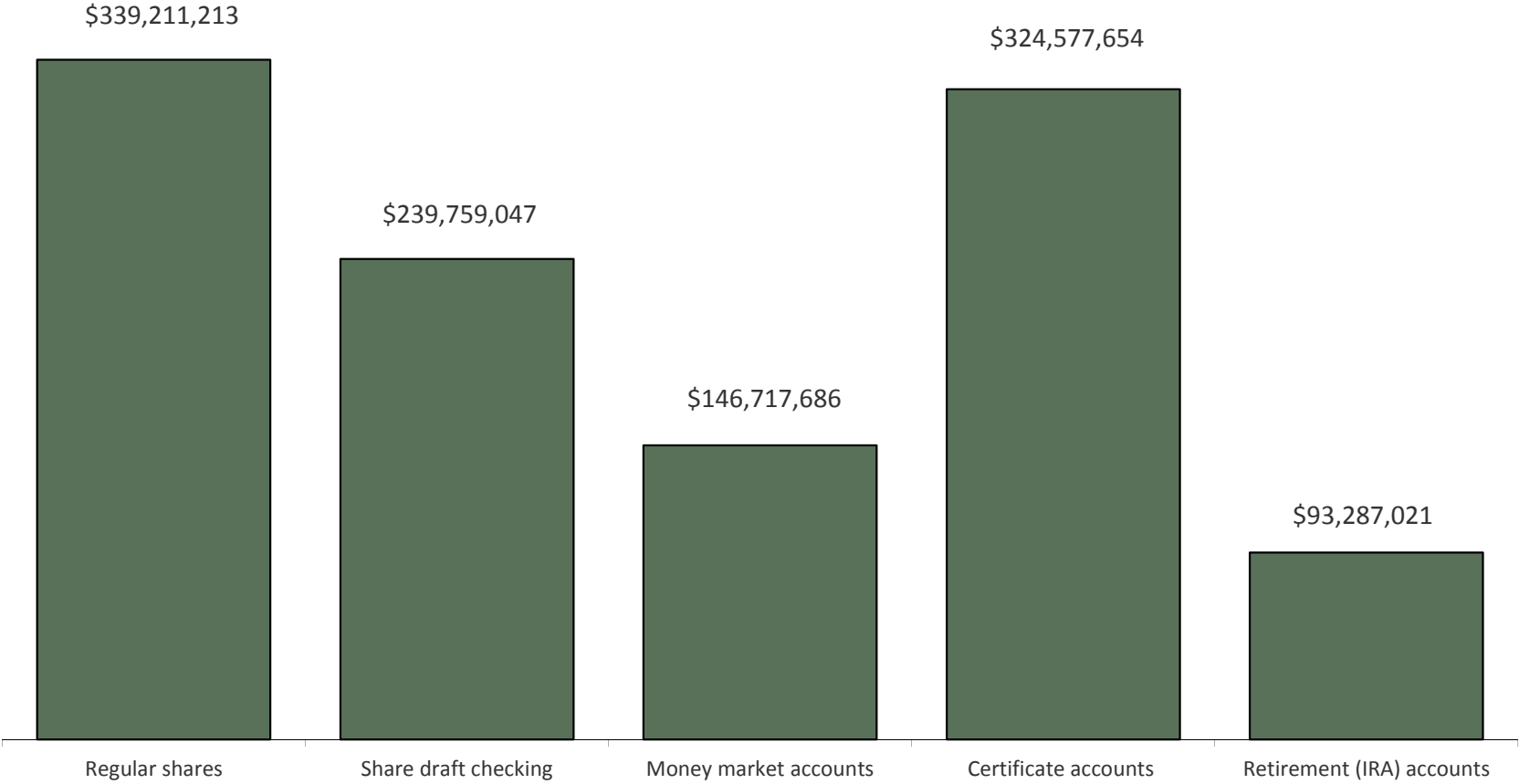
| <b>Loan Products</b>                       | <b>Average Rate at Credit Unions (%)</b> | <b>Average Rate at Banks (%)</b> | <b>Rate Difference vs. Banks (%)</b> |
|--|--|----------------------------------|--------------------------------------|
| 60-month new car (A paper)                 | 2.57                                     | 3.82                             | -1.26                                |
| 48-month used car (A paper)                | 2.75                                     | 4.01                             | -1.26                                |
| Unsecured loan (A paper)                   | 9.64                                     | 10.41                            | -0.76                                |
| 5-year adjustable rate 1st mortgage, 0 pts | 2.92                                     | 2.88                             | 0.05                                 |
| 15-year fixed rate 1st mortgage, 0 pts     | 3.34                                     | 3.32                             | 0.02                                 |
| 30-year fixed rate 1st mortgage, 0 pts     | 4.13                                     | 4.14                             | -0.01                                |
| Home equity / 2nd mtg, 80% LTV 0 pts       | 4.19                                     | 4.40                             | -0.21                                |
| Credit card - classic                      | 11.77                                    | 15.85                            | -4.08                                |
| Credit card - gold                         | 10.56                                    | 11.25                            | -0.69                                |
| <b>Savings Products</b>                    |  |                                  |                                      |
| Regular savings, \$1,000 balance           | 0.21                                     | 0.10                             | 0.11                                 |
| Share draft checking, \$5,000 balance      | 0.34                                     | 0.15                             | 0.19                                 |
| Money market accounts                      | 0.17                                     | 0.10                             | 0.07                                 |
| 1 Year certificate \$10,000 balance        | 0.45                                     | 0.28                             | 0.17                                 |
| Retirement (IRA) accounts                  | 0.31                                     | 0.19                             | 0.12                                 |
| <b>Fee Income</b>                          |  |                                  |                                      |
| Share draft checking, NSF fee              | \$27.74                                  | \$31.90                          | -\$4.16                              |
| Credit cards, late fee                     | \$24.56                                  | \$34.18                          | -\$9.62                              |
| Mortgages, closing costs                   | \$1,151.00                               | \$1,361.00                       | -\$210.00                            |

Source: Informa Research Services.

# Estimated Credit Union Loan Rate Benefits Compared to Banking Institutions



# Estimated Credit Union Savings Dividend Benefits Compared to Banking Institutions





## Estimated Credit Union Financial Benefits Mid-Year 2014

| <u>Loans</u>  | Avg. Balance<br>at<br>Credit Unions (1) | Rate<br>Difference<br>vs.<br>Banks (%) (2) | Total<br>Financial Benefit<br>to<br>Members |
|---|---|--|---|
| New car loans   | 72,223,739,967                          | -1.26                                      | \$908,574,649                               |
| Used car loans  | 128,918,439,830                         | -1.26                                      | \$1,628,239,895                             |
| Personal unsecured loans  | 28,528,133,947                          | -0.76                                      | \$217,384,381                               |
| 5-year adjustable rate 1st mortgage   | 105,414,361,903                         | 0.05                                       | -\$50,598,894                               |
| 15-year fixed rate 1st mortgage   | 75,561,727,509                          | 0.02                                       | -\$12,089,876                               |
| 30-year fixed rate 1st mortgage   | 88,340,777,799                          | -0.01                                      | \$7,067,262                                 |
| Home equity / 2nd mortgage loans  | 71,432,254,099                          | -0.21                                      | \$151,436,379                               |
| Credit cards  | 41,591,438,466                          | -4.08                                      | \$1,344,443,248                             |
| Interest rebates in period  |   |  | \$8,192,338                                 |
| <b>Total CU member benefit arising from lower interest rates on loan products:</b>                      |   |  | <b>\$4,202,649,382</b>                      |
| <br>  |   |  |   |
| <u>Savings</u>  |   |  |   |
| Regular shares  | 309,232,291,325                         | 0.11                                       | \$339,211,213                               |
| Share draft checking  | 124,092,752,151                         | 0.19                                       | \$239,759,047                               |
| Money market accounts   | 215,092,979,735                         | 0.07                                       | \$146,717,686                               |
| Certificate accounts  | 192,981,641,820                         | 0.17                                       | \$324,577,654                               |
| Retirement (IRA) accounts   | 78,922,283,981                          | 0.12                                       | \$93,287,021                                |
| Bonus dividends in period   |   |  | \$0   |
| <b>Total CU member benefit arising from higher interest rates on saving products:</b>                   |   |  | <b>\$1,143,552,620</b>                      |
| <br>  |   |  |   |
| <u>Fee Income</u>   |   |  |   |
| <b>Total CU member benefit arising from fewer/lower fees:</b>   |   |  | <b>\$1,330,130,020</b>                      |
| <br>  |   |  |   |
| <b>Total CU member benefit arising from interest rates on loan and savings products and lower fees:</b> |   |  | <b>\$6,676,332,023</b>                      |
| <br>  |   |  |   |
| <b>Total CU member benefit / member:</b>  |   |  | <b>\$69</b>                                 |
| <b>Total CU member benefit / member household:</b>  |   |  | <b>\$131</b>                                |

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of June 2014 and June 2013, according to the NCUA call report.; (2) source for rates and fees: Informa Research Services;

**National  
Performance Profile**

| <b>Demographic Information</b>           | <b>Jun 14</b> | <b>Jun 13</b> |
|--|---------------|---------------|
| Number of branches                       | 20,543        | 20,523        |
| Total assets (\$ mil)                    | 1,117,105     | 1,069,513     |
| Total loans (\$ mil)                     | 684,368       | 625,304       |
| Total surplus funds (\$ mil)             | 387,136       | 402,375       |
| Total savings (\$ mil)                   | 952,601       | 921,508       |
| Total members (thousands)                | 99,163        | 96,358        |
| <b>Growth Rates*</b>                     |               |               |
| Total assets                             | 5.0 %         | 5.3 %         |
| Total loans                              | 10.1 %        | 5.9 %         |
| Total surplus funds                      | -3.2 %        | 3.5 %         |
| Total savings                            | 3.9 %         | 5.2 %         |
| Total members                            | 3.7 %         | 2.9 %         |
| <b>Earnings - Basis Pts.</b>             |               |               |
| Yield on total assets                    | 335           | 337           |
| Dividend/interest cost of assets         | 53            | 60            |
| Fee & other income                       | 131           | 143           |
| Operating expense                        | 307           | 310           |
| Loss Provisions                          | 25            | 26            |
| Net Income (ROA) after Stabilization exp | 81            | 85            |
| <b>Capital adequacy</b>                  |               |               |
| Net worth / assets                       | 10.8          | 10.5          |
| <b>Asset quality</b>                     |               |               |
| Delinquencies / loans                    | 0.9           | 1.0           |
| Net chargeoffs / average loans           | 0.5           | 0.6           |
| Total borrower-bankruptcies              | 15            | 15            |
| Bankruptcies per 1000 members            | 1.0           | 1.1           |
| <b>Asset/Liability Management</b>        |               |               |
| Loans / savings                          | 71.8          | 67.9          |
| Loans / assets                           | 61.3          | 58.5          |
| Long-term assets / assets                | 35.4          | 35.0          |
| Core deposits/shares & borrowings        | 46.6          | 45.2          |
| <b>Productivity</b>                      |               |               |
| Members/potential members                | 5.5           | 5.6           |
| Borrowers/members                        | 52.6          | 50.6          |
| Members/FTE                              | 385           | 384           |
| Average shares/members (\$)              | 9,606         | 9,563         |
| Average loan balances (\$)               | 13,127        | 12,832        |
| Salary & Benefits/FTE                    | 65,837        | 65,049        |

\*Balance sheet growth rates are for the trailing 12 months.