

The Benefits of Membership

Customized Analysis of Member Benefits For:

California

September 2014

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California

The Benefits of Membership

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

The Credit Union National Association (CUNA) estimates that California credit unions provided \$761,166,812 in direct financial benefits to the state's 9,875,226 members during the twelve months ending September 2014.

These benefits are equivalent to \$77 per member or \$146 per member household ⁽¹⁾.

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.

The per-member and per-household benefits delivered by California credit unions 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 California credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a California credit union will save members an average \$201 per year in interest expense compared to what they would pay at a banking institution in the state.

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

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

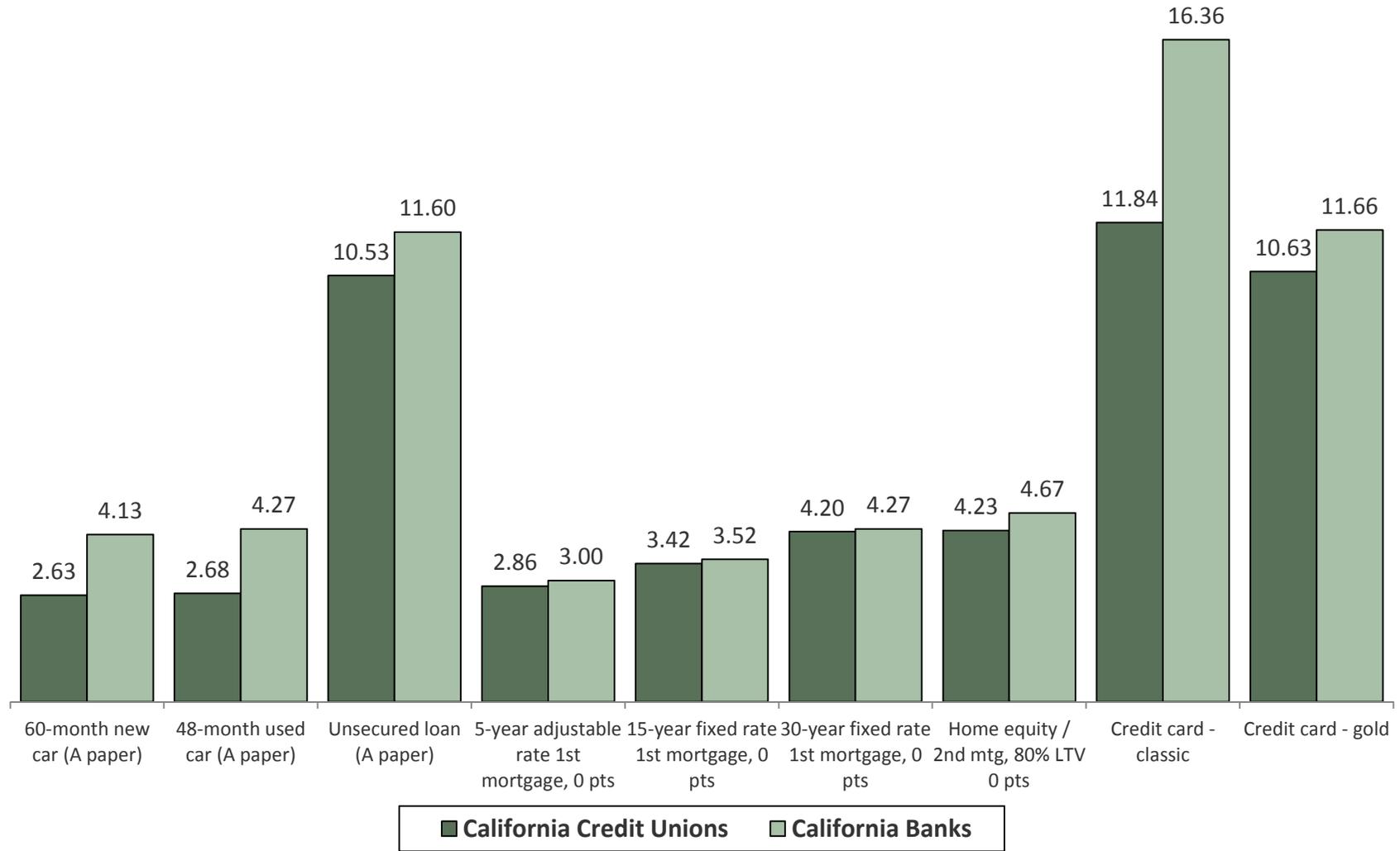
California credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



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

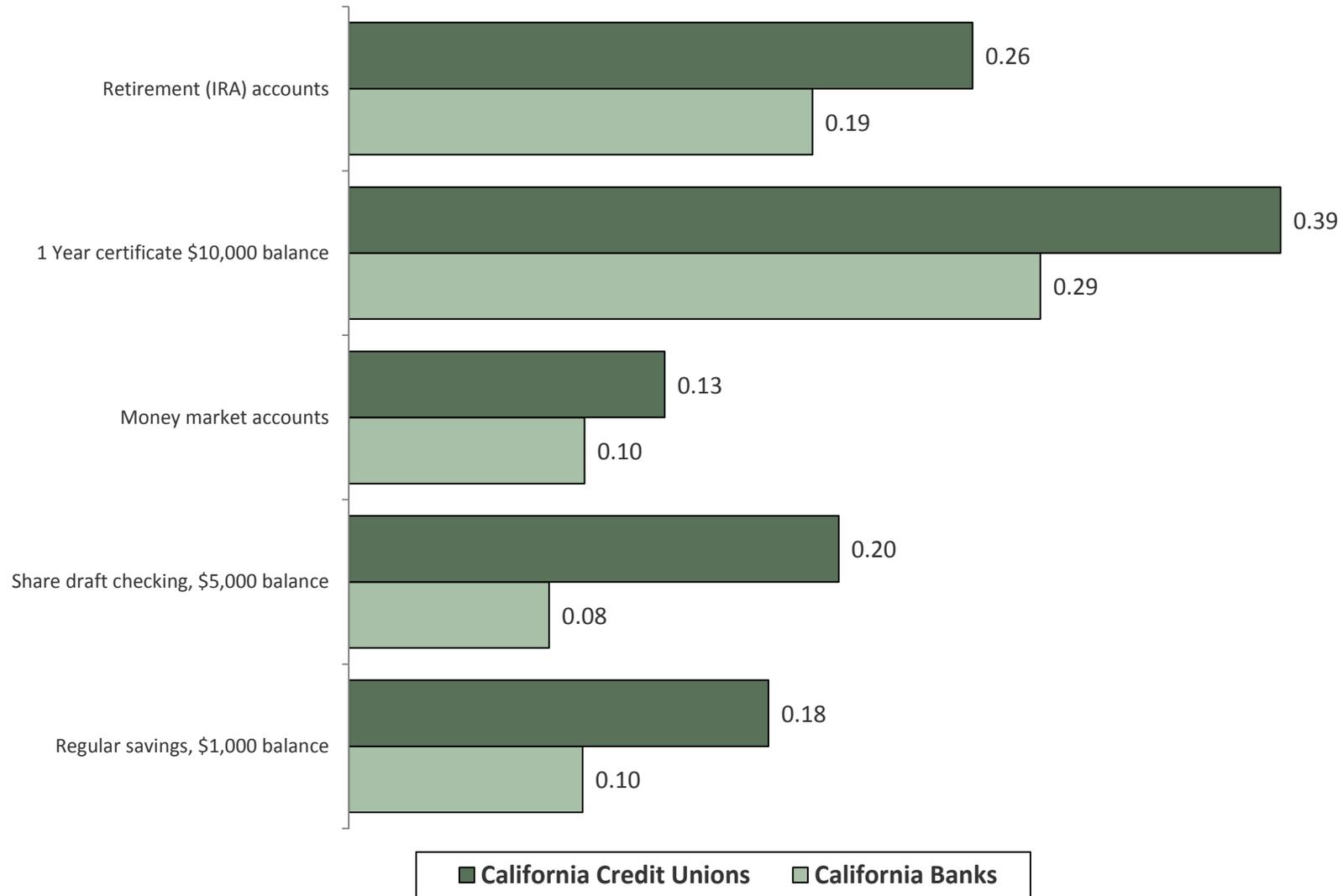
Loan Product Comparative Interest Rates (%)

By Loan Type

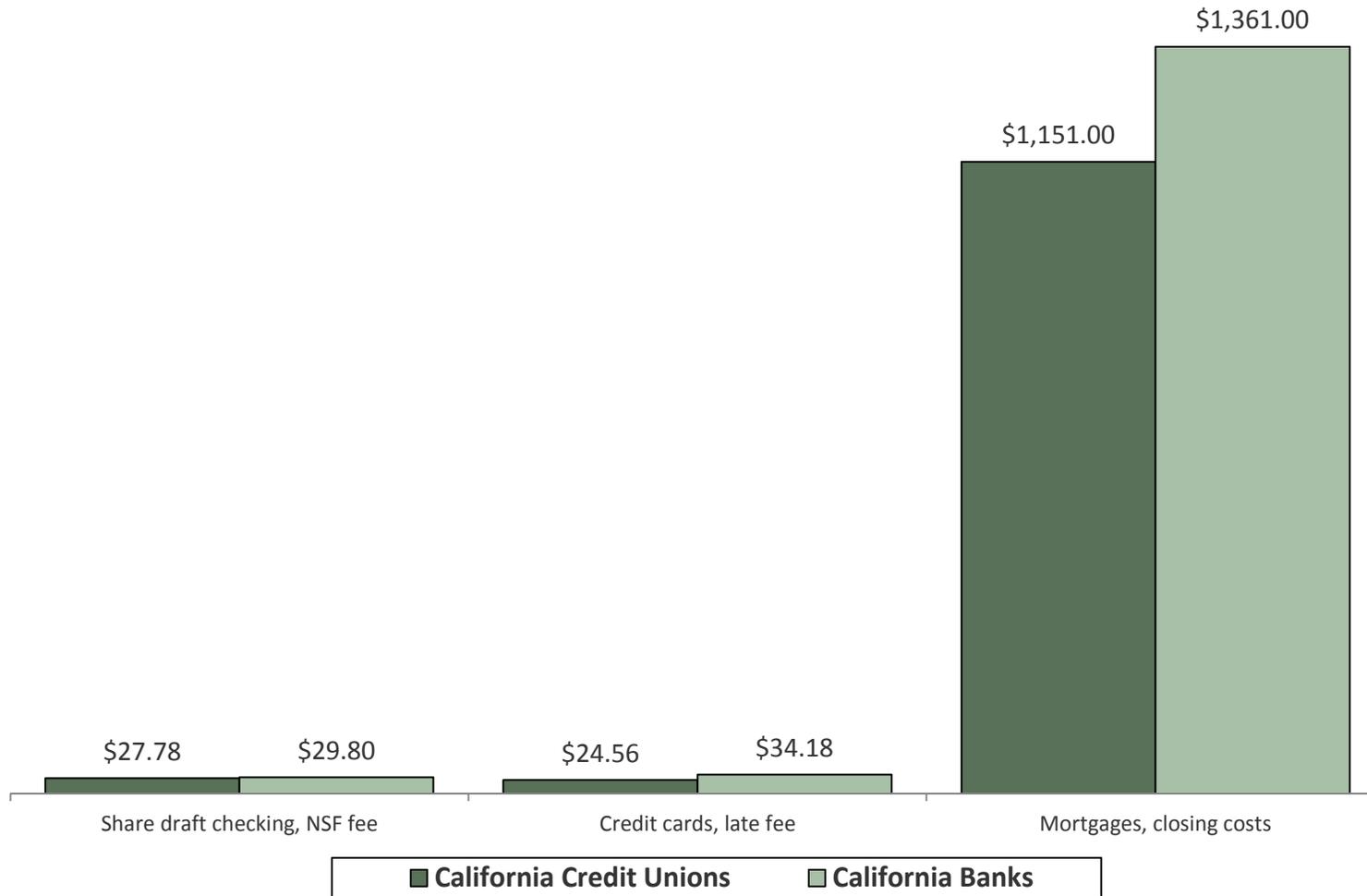


Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees By Type



California
Credit Union and Banking Institution
September 2014 Average Interest Rates and Fees

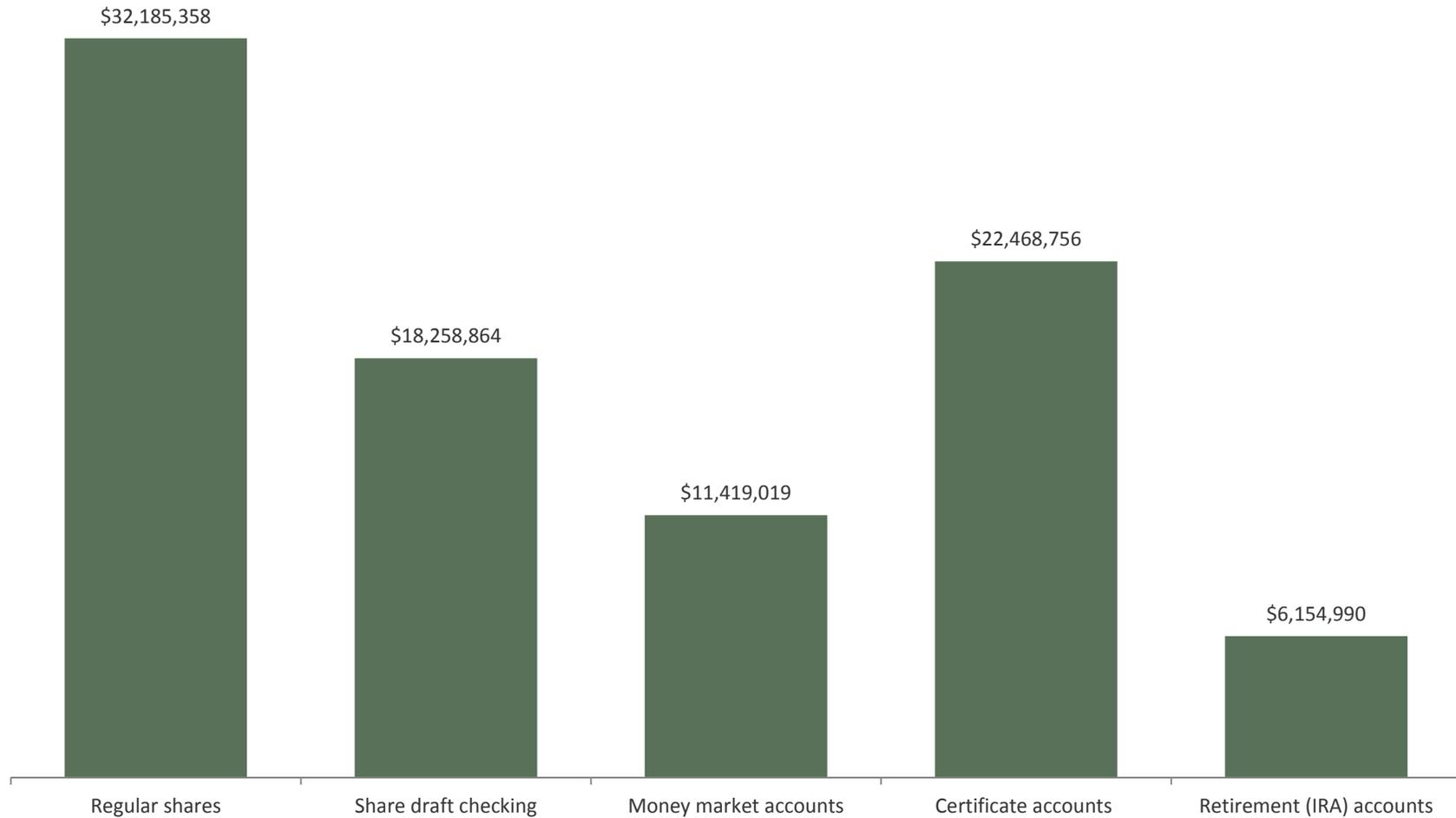
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.63	4.13	-1.50
48-month used car (A paper)	2.68	4.27	-1.59
Unsecured loan (A paper)	10.53	11.60	-1.07
5-year adjustable rate 1st mortgage, 0 pts	2.86	3.00	-0.14
15-year fixed rate 1st mortgage, 0 pts	3.42	3.52	-0.11
30-year fixed rate 1st mortgage, 0 pts	4.20	4.27	-0.07
Home equity / 2nd mtg, 80% LTV 0 pts	4.23	4.67	-0.43
Credit card - classic	11.84	16.36	-4.52
Credit card - gold	10.63	11.66	-1.03
Savings Products			
Regular savings, \$1,000 balance	0.18	0.10	0.08
Share draft checking, \$5,000 balance	0.20	0.08	0.12
Money market accounts	0.13	0.10	0.03
1 Year certificate \$10,000 balance	0.39	0.29	0.10
Retirement (IRA) accounts	0.26	0.19	0.07
Fee Income			
Share draft checking, NSF fee	\$27.78	\$29.80	-\$2.02
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

State Credit Unions' Total Loan Rate Benefits Compared to State Banking Institutions by Loan Type



State Credit Unions' Total Savings Dividend Benefits Compared to State Banking Institutions by Account Type



Estimated Financial Benefits for California Credit Unions September 2014

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. California Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	7,137,283,871	-1.50	\$107,202,004
Used car loans	12,210,187,457	-1.59	\$194,141,981
Personal unsecured loans	2,281,361,248	-1.07	\$24,433,379
5-year adjustable rate 1st mortgage	16,696,354,893	-0.14	\$23,040,970
15-year fixed rate 1st mortgage	7,475,768,827	-0.11	\$7,849,557
30-year fixed rate 1st mortgage	17,331,776,492	-0.07	\$11,612,290
Home equity / 2nd mortgage loans	9,335,042,203	-0.43	\$40,514,083
Credit cards	4,576,347,542	-4.52	\$166,922,277
Interest rebates in period			\$11,715
Total CU member benefits arising from lower interest rates on loan products:			\$575,728,255
 <u>Savings</u>			
Regular shares	41,478,486,925	0.08	\$32,185,358
Share draft checking	15,092,229,780	0.12	\$18,258,864
Money market accounts	34,119,697,328	0.03	\$11,419,019
Certificate accounts	22,373,014,591	0.10	\$22,468,756
Retirement (IRA) accounts	9,193,725,622	0.07	\$6,154,990
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$90,486,987
 <u>Fee Income</u>			
Total CU member benefit arising from fewer / lower fees:			\$94,951,570
 Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$761,166,812
 Total CU member benefit / member:			\$77
Total CU member benefit / member household:			\$146

Source: Informa Research Services, NCUA, and CUNA

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

**California
Performance Profile**

Demographic Information	Sep 14	Sep 13
Number of branches	1585	1593
Total assets (\$ mil)	148,224	140,876
Total loans (\$ mil)	84,973	74,914
Total surplus funds (\$ mil)	57,917	61,206
Total savings (\$ mil)	126,049	120,843
Total members (thousands)	10,000	9,792
Growth Rates (Trailing 12 months) *		
Total assets	5.5 %	4.1 %
Total loans	13.6 %	4.6 %
Total surplus funds	-5.1 %	2.7 %
Total savings	4.6 %	3.9 %
Total members	2.6 %	1.7 %
Earnings - Basis Pts. *		
Yield on total assets	303	301
Dividend / interest cost of assets	39	44
Fee & other income	112	125
Operating expense	275	282
Loss Provisions	4	0
Net Income (ROA) after stabilization exp	96	100
Capital adequacy		
Net worth / assets	11.2	10.8
Asset quality *		
Delinquencies / loans	0.7	1.0
Net chargeoffs / average loans	0.3	0.5
Total borrower-bankruptcies	30	39
Bankruptcies per 1000 members	1.1	1.6
Asset/Liability Management		
Loans / savings	67.4	62.0
Loans / assets	57.3	53.2
Long-term assets / assets	39.0	39.8
Core deposits/shares & borrowings	46.1	44.8
Productivity		
Members / potential members	4.0	4.0
Borrowers / members	49.4	46.1
Members / FTE	384	384
Average shares / members (\$)	12,604	12,341
Average loan balances (\$)	17,200	16,610
Salary & Benefits / FTE	80,169	77,948

* Earnings, net chargeoffs, and bankruptcies are year-to-date numbers annualized. Due to significant seasonal variation, balance sheet growth rates are for the trailing 12 months.