

# ***The Benefits of Membership***

*Customized Analysis of Member Benefits For:*

**Colorado**

***September 2014***

*Prepared by:*

***Credit Union National Association  
Economics and Statistics Department***



# Colorado

## *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 Colorado credit unions provided \$96,790,188 in direct financial benefits to the state's 1,556,539 members during the twelve months ending September 2014.

**These benefits are equivalent to \$62 per member or \$118 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.

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

Consider this:

**Financing a \$25,000 new automobile for 60 months at a Colorado credit union will save members an average \$114 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.

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

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

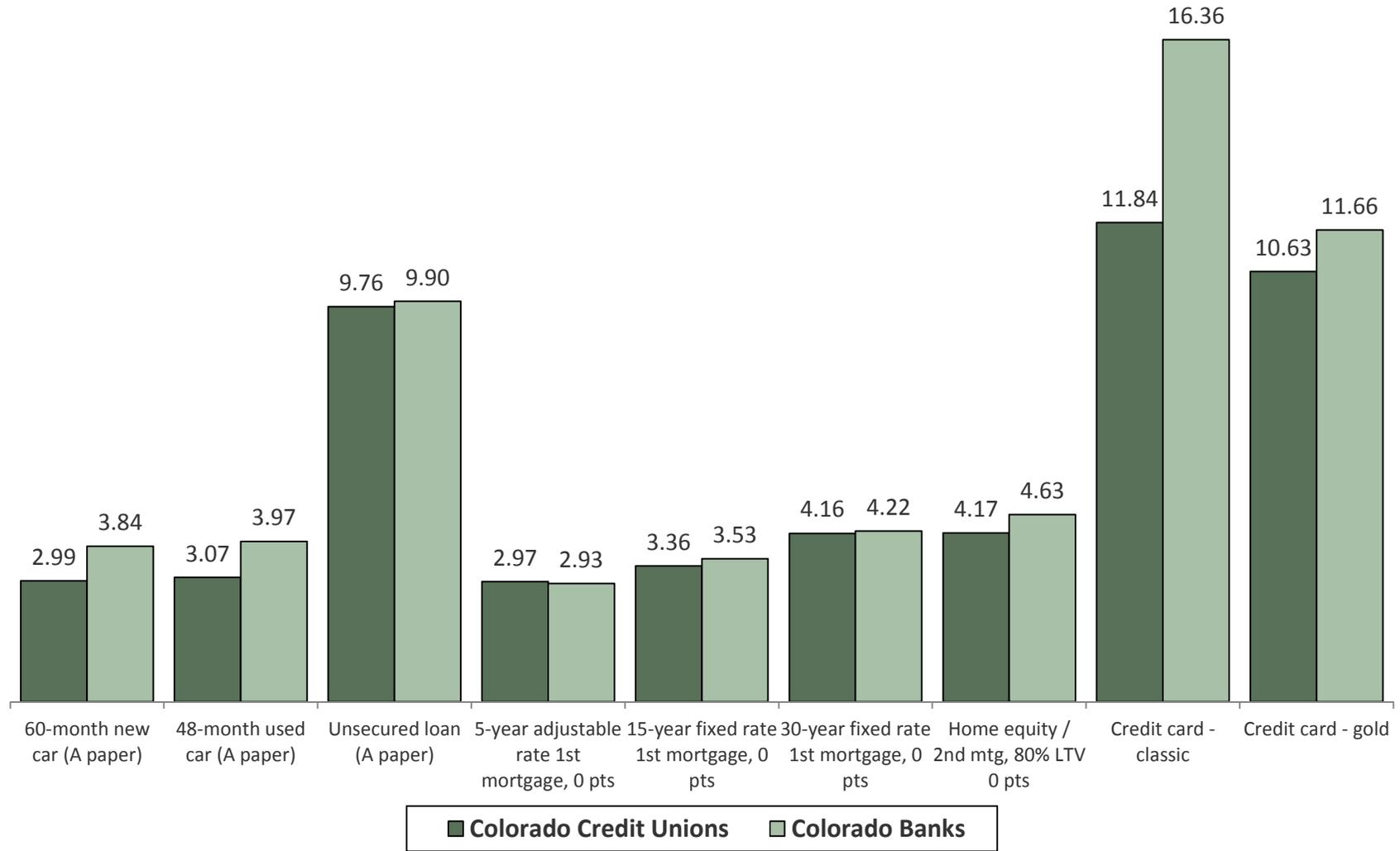


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Source: Informa Research Services, NCUA, and CUNA.  
(1) Assumes 1.9 credit union members per household.

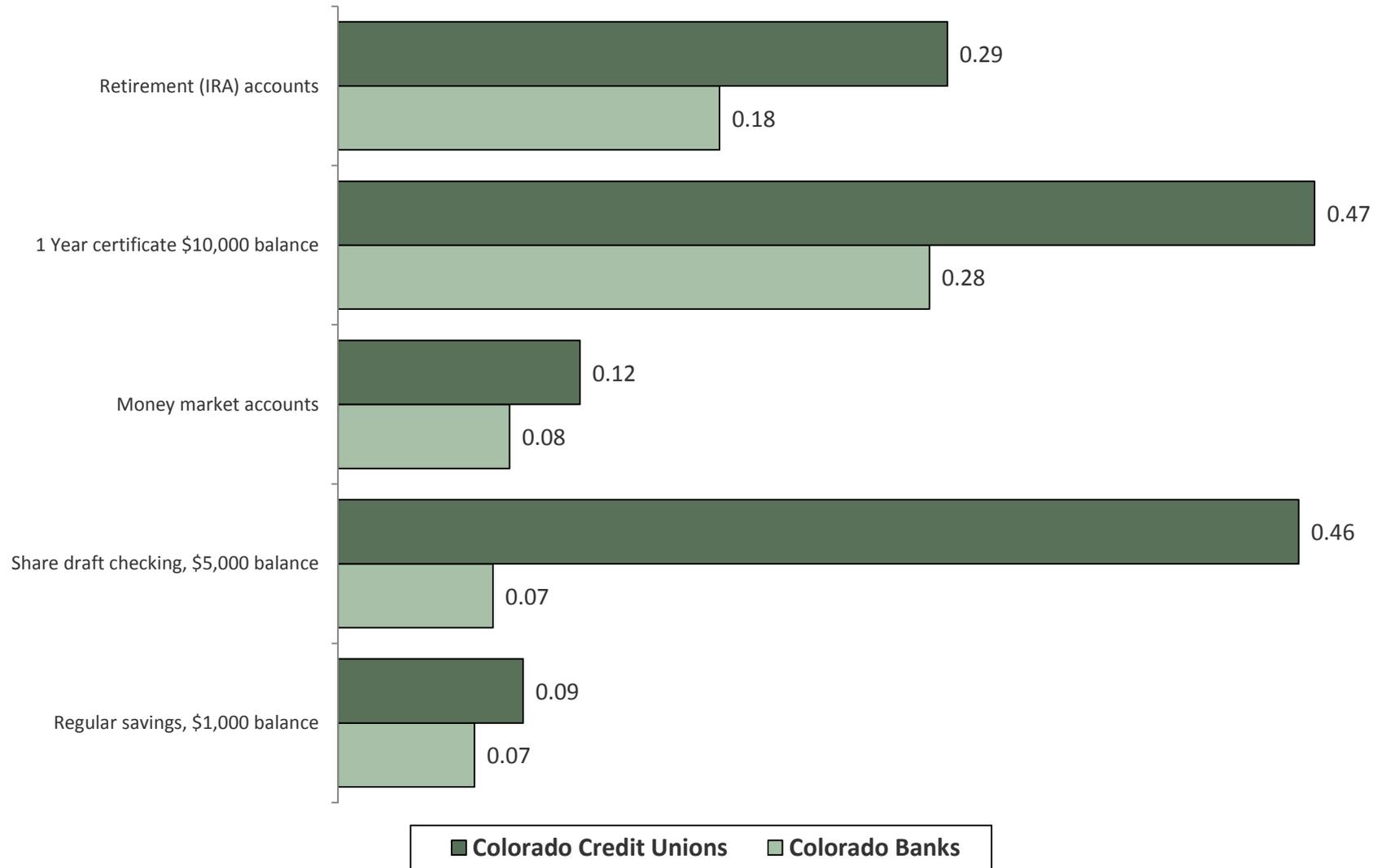
# Loan Product Comparative Interest Rates (%)

## By Loan Type



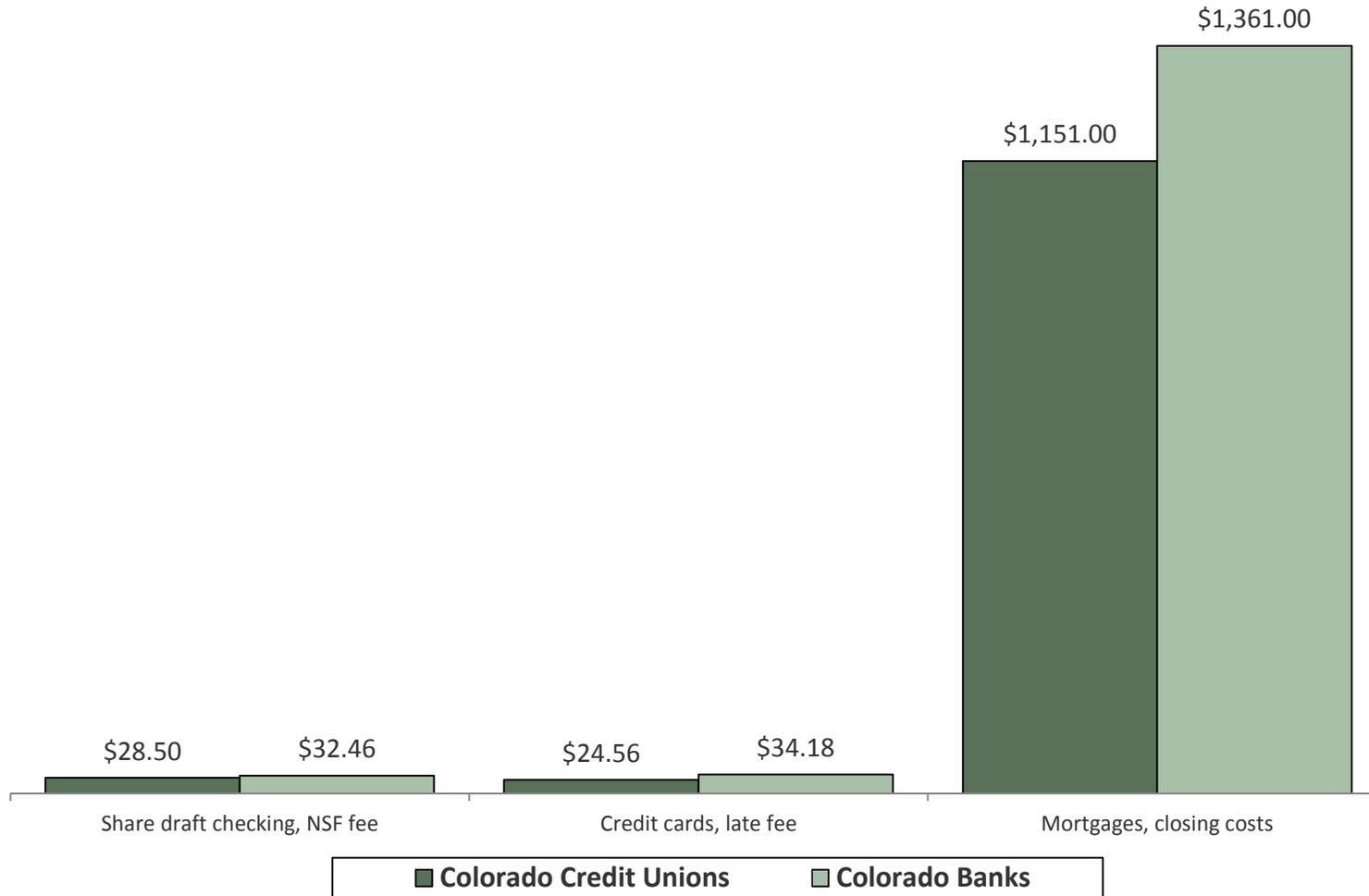
# Savings Products Comparative Interest Rates(%)

## By Savings Account Type



# Comparative Fees

## By Type

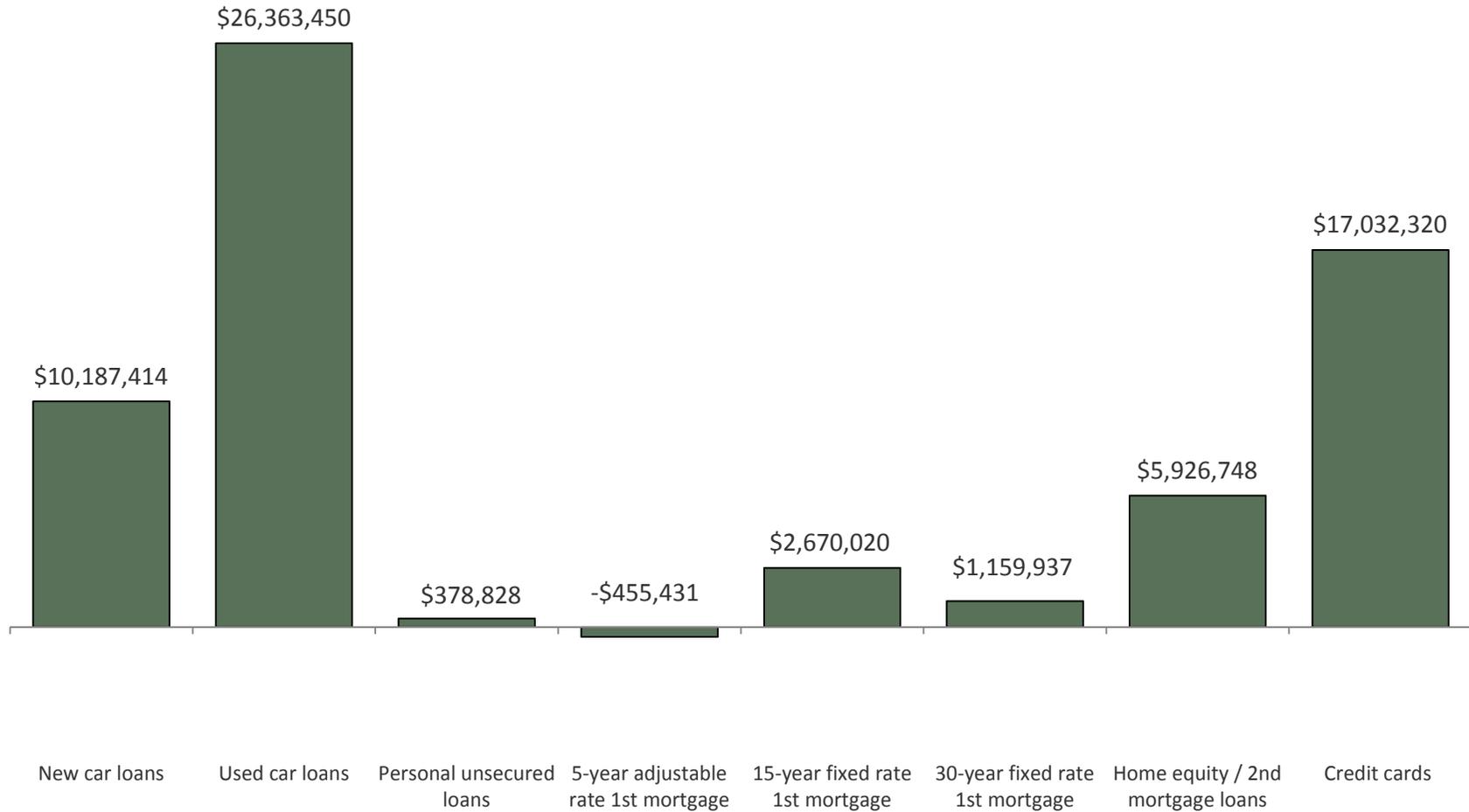


**Colorado**  
**Credit Union and Banking Institution**  
**September 2014 Average Interest Rates and Fees**

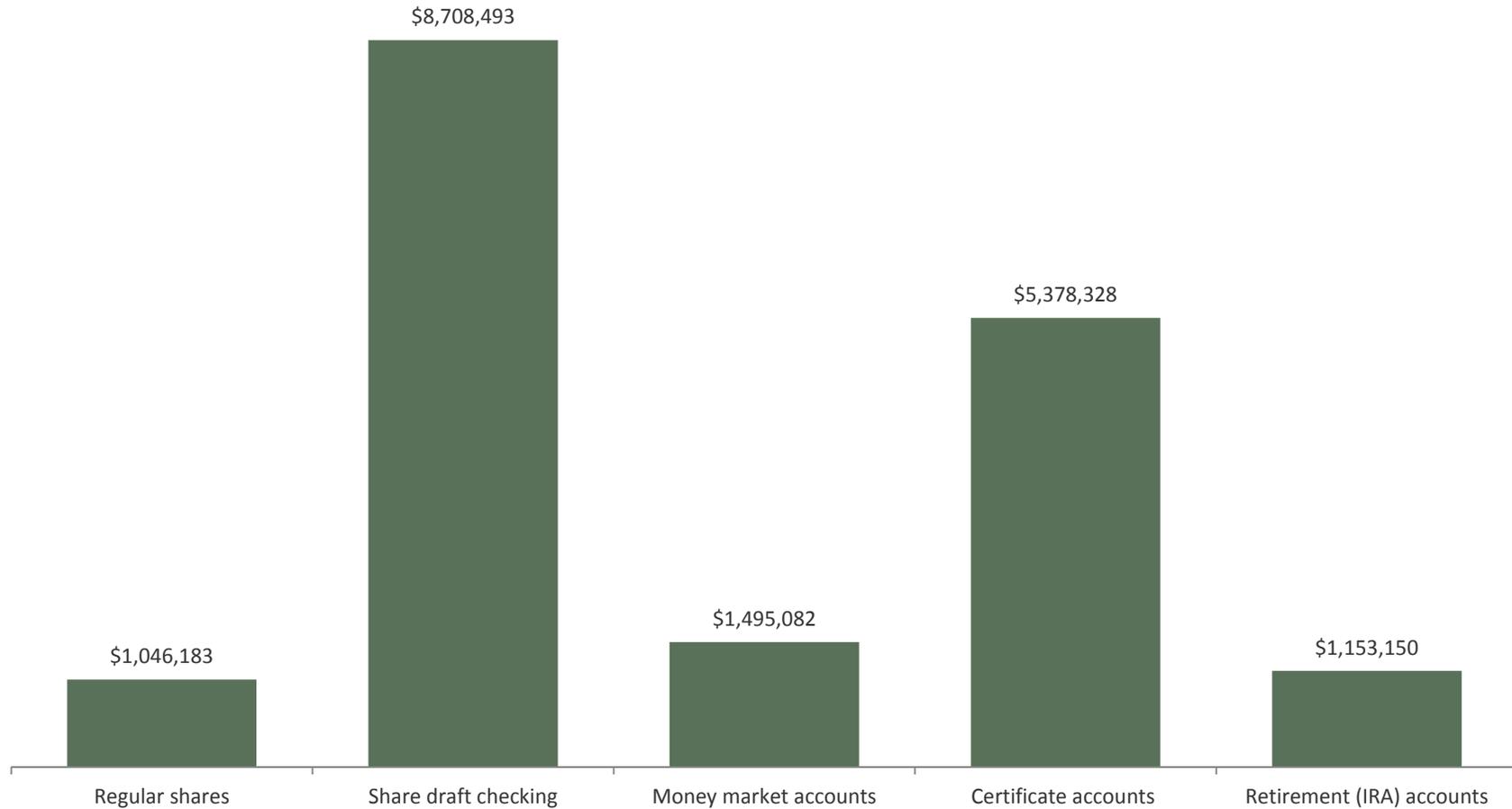
<b>Loan Products</b>	<b>Average Rate at Credit Unions (%)</b>	<b>Average Rate at Banks (%)</b>	<b>Rate Difference vs. Banks (%)</b>
60-month new car (A paper)	2.99	3.84	-0.85
48-month used car (A paper)	3.07	3.97	-0.89
Unsecured loan (A paper)	9.76	9.90	-0.14
5-year adjustable rate 1st mortgage, 0 pts	2.97	2.93	0.05
15-year fixed rate 1st mortgage, 0 pts	3.36	3.53	-0.18
30-year fixed rate 1st mortgage, 0 pts	4.16	4.22	-0.06
Home equity / 2nd mtg, 80% LTV 0 pts	4.17	4.63	-0.45
Credit card - classic	11.84	16.36	-4.52
Credit card - gold	10.63	11.66	-1.03
<b>Savings Products</b>			
Regular savings, \$1,000 balance	0.09	0.07	0.02
Share draft checking, \$5,000 balance	0.46	0.07	0.39
Money market accounts	0.12	0.08	0.03
1 Year certificate \$10,000 balance	0.47	0.28	0.18
Retirement (IRA) accounts	0.29	0.18	0.11
<b>Fee Income</b>			
Share draft checking, NSF fee	\$28.50	\$32.46	-\$3.96
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 Colorado Credit Unions September 2014

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Colorado Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,195,705,823	-0.85	\$10,187,414
Used car loans	2,948,931,799	-0.89	\$26,363,450
Personal unsecured loans	278,550,300	-0.14	\$378,828
5-year adjustable rate 1st mortgage	990,067,053	0.05	-\$455,431
15-year fixed rate 1st mortgage	1,525,725,741	-0.18	\$2,670,020
30-year fixed rate 1st mortgage	2,034,977,050	-0.06	\$1,159,937
Home equity / 2nd mortgage loans	1,308,332,887	-0.45	\$5,926,748
Credit cards	466,958,731	-4.52	\$17,032,320
Interest rebates in period			\$0
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$63,263,286</b>
 <u>Savings</u>			
Regular shares	4,504,759,311	0.02	\$1,046,183
Share draft checking	2,255,325,376	0.39	\$8,708,493
Money market accounts	4,429,503,904	0.03	\$1,495,082
Certificate accounts	2,913,444,241	0.18	\$5,378,328
Retirement (IRA) accounts	1,056,208,321	0.11	\$1,153,150
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on savings products:</b>			<b>\$17,781,236</b>
 <u>Fee Income</u>			
<b>Total CU member benefit arising from fewer / lower fees:</b>			<b>\$15,745,666</b>
 <b>Total CU member benefit arising from interest rates on loans, savings products and lower fees:</b>			<b>\$96,790,188</b>
 <b>Total CU member benefit / member:</b>			<b>\$62</b>
<b>Total CU member benefit / member household:</b>			<b>\$118</b>

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;

**Colorado  
Performance Profile**

<b>Demographic Information</b>	<b>Sep 14</b>	<b>Sep 13</b>
Number of branches	293	293
Total assets (\$ mil)	18,877	17,683
Total loans (\$ mil)	11,879	10,539
Total surplus funds (\$ mil)	6,327	6,516
Total savings (\$ mil)	15,690	15,001
Total members (thousands)	1,594	1,534
<b>Growth Rates (Trailing 12 months) *</b>		
Total assets	6.8 %	5.9 %
Total loans	12.7 %	9.3 %
Total surplus funds	-2.9 %	1.0 %
Total savings	4.6 %	4.8 %
Total members	4.0 %	4.1 %
<b>Earnings - Basis Pts. *</b>		
Yield on total assets	322	319
Dividend / interest cost of assets	38	42
Fee & other income	126	146
Operating expense	304	318
Loss Provisions	18	27
Net Income (ROA) after stabilization exp	89	79
<b>Capital adequacy</b>		
Net worth / assets	11.2	11.1
<b>Asset quality *</b>		
Delinquencies / loans	0.5	0.6
Net chargeoffs / average loans	0.3	0.4
Total borrower-bankruptcies	25	33
Bankruptcies per 1000 members	1.4	2.0
<b>Asset/Liability Management</b>		
Loans / savings	75.7	70.3
Loans / assets	62.9	59.6
Long-term assets / assets	33.6	35.1
Core deposits/shares & borrowings	45.1	43.0
<b>Productivity</b>		
Members / potential members	6.7	8.3
Borrowers / members	57.5	56.4
Members / FTE	407	391
Average shares / members (\$)	9,842	9,781
Average loan balances (\$)	12,957	12,178
Salary & Benefits / FTE	68,903	67,222

\* 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.