

The Benefits of Membership

Customized Analysis of Member Benefits For:

Georgia

September 2014

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Georgia

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 Georgia credit unions provided \$125,217,533 in direct financial benefits to the state's 2,000,962 members during the twelve months ending September 2014.

These benefits are equivalent to \$63 per member or \$119 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 Georgia 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 Georgia credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Georgia credit union will save members an average \$76 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.

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

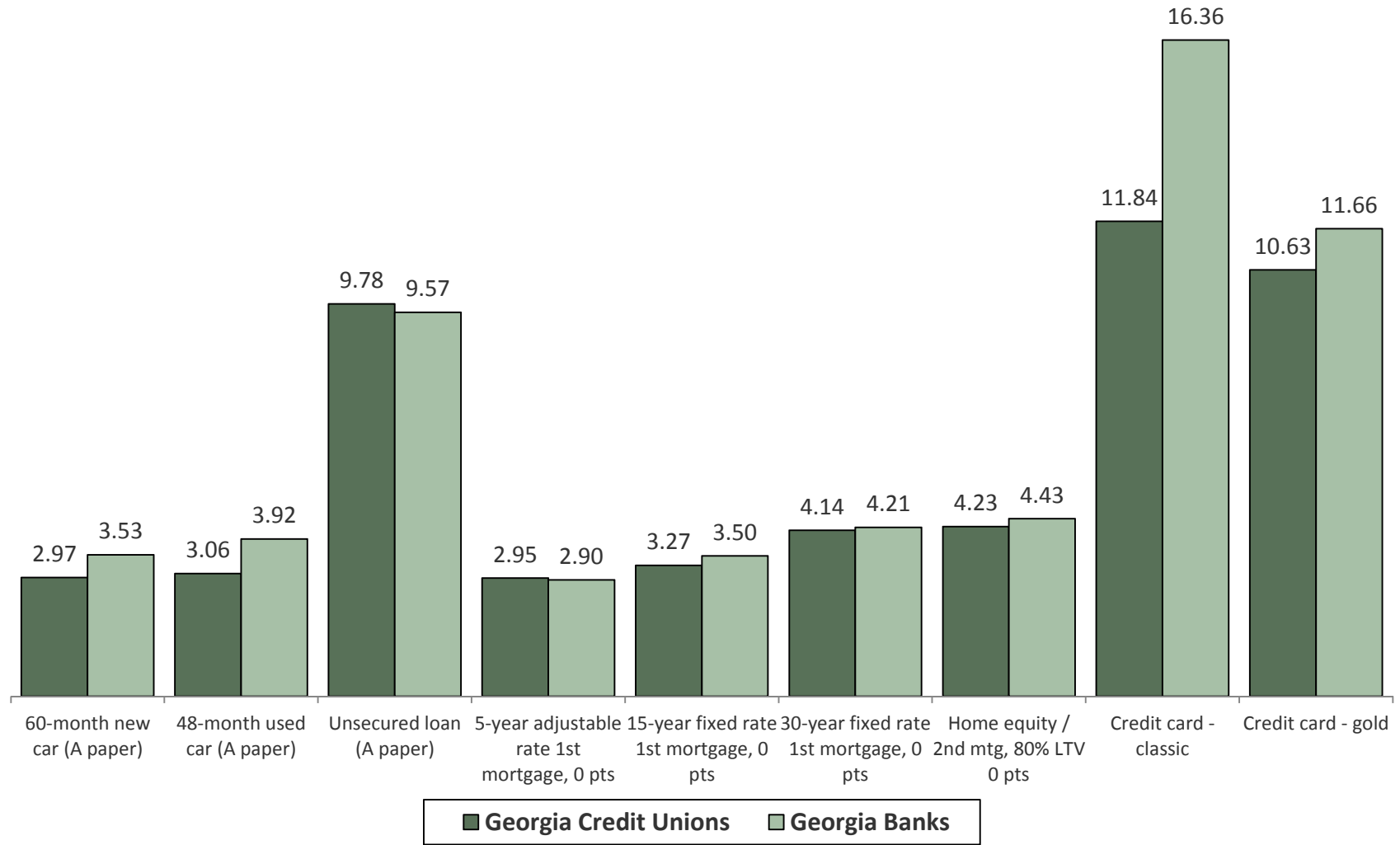
Georgia credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



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

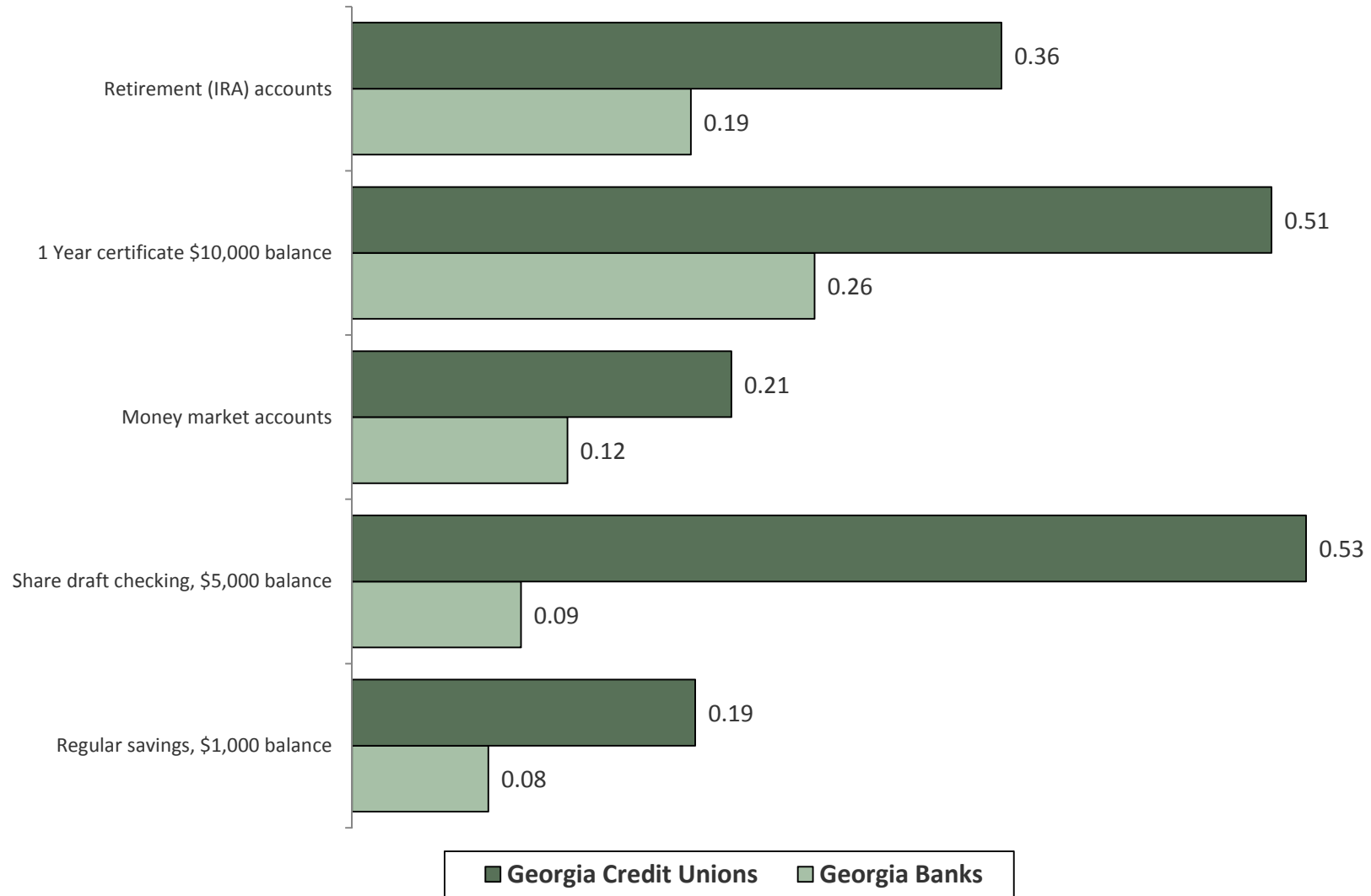
Loan Product Comparative Interest Rates (%)

By Loan Type

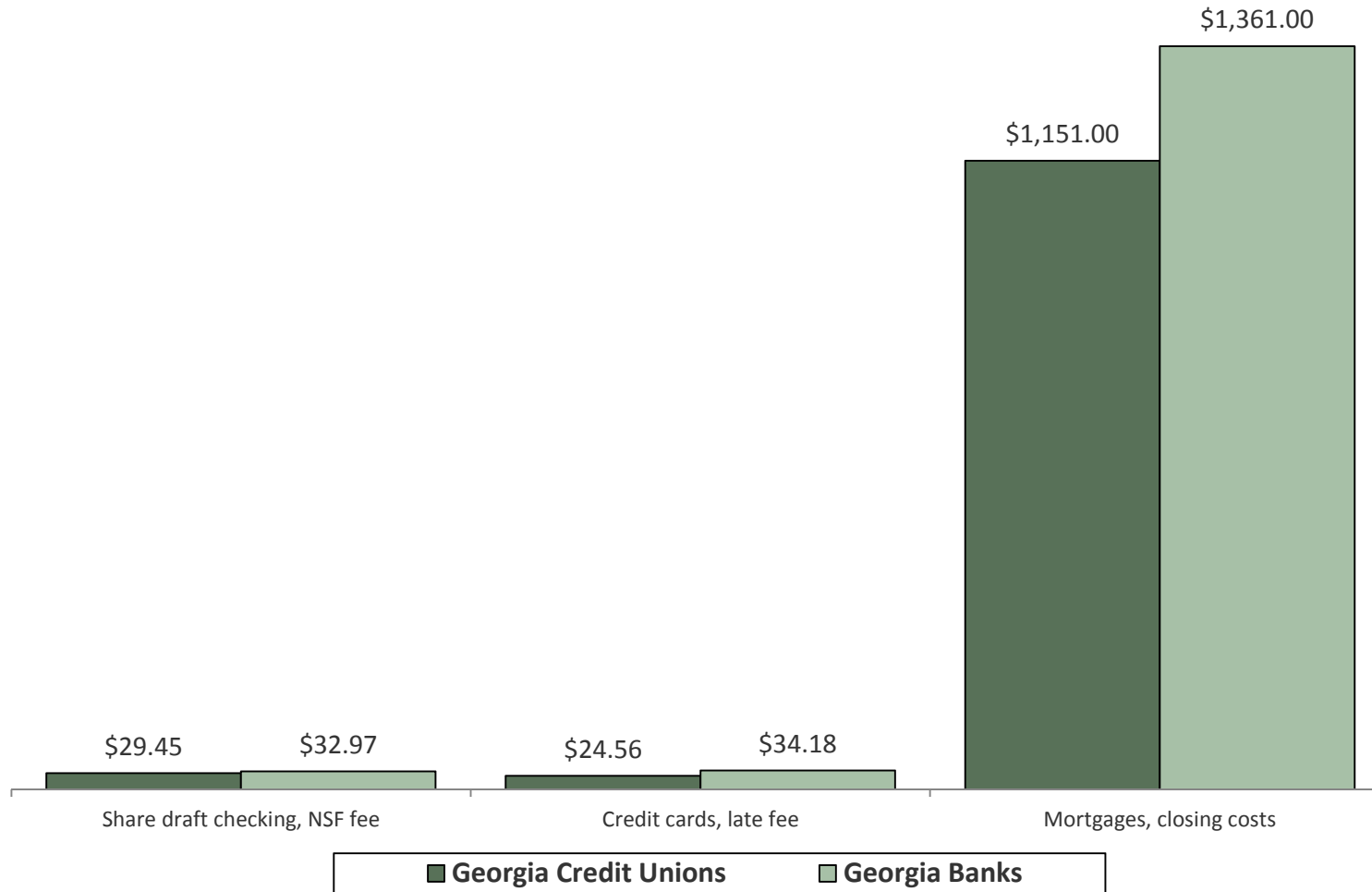


Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees By Type

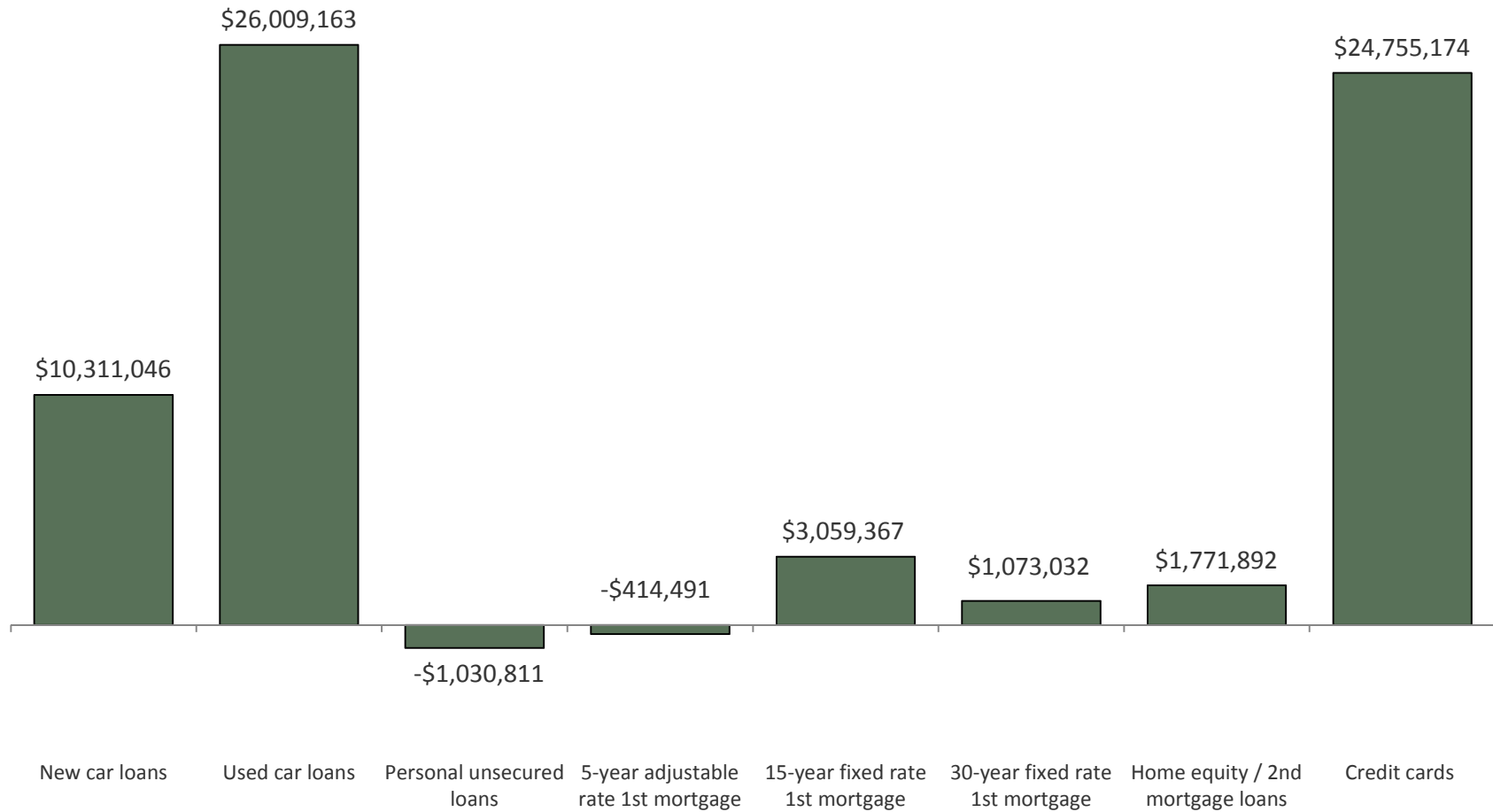


Georgia
Credit Union and Banking Institution
September 2014 Average Interest Rates and Fees

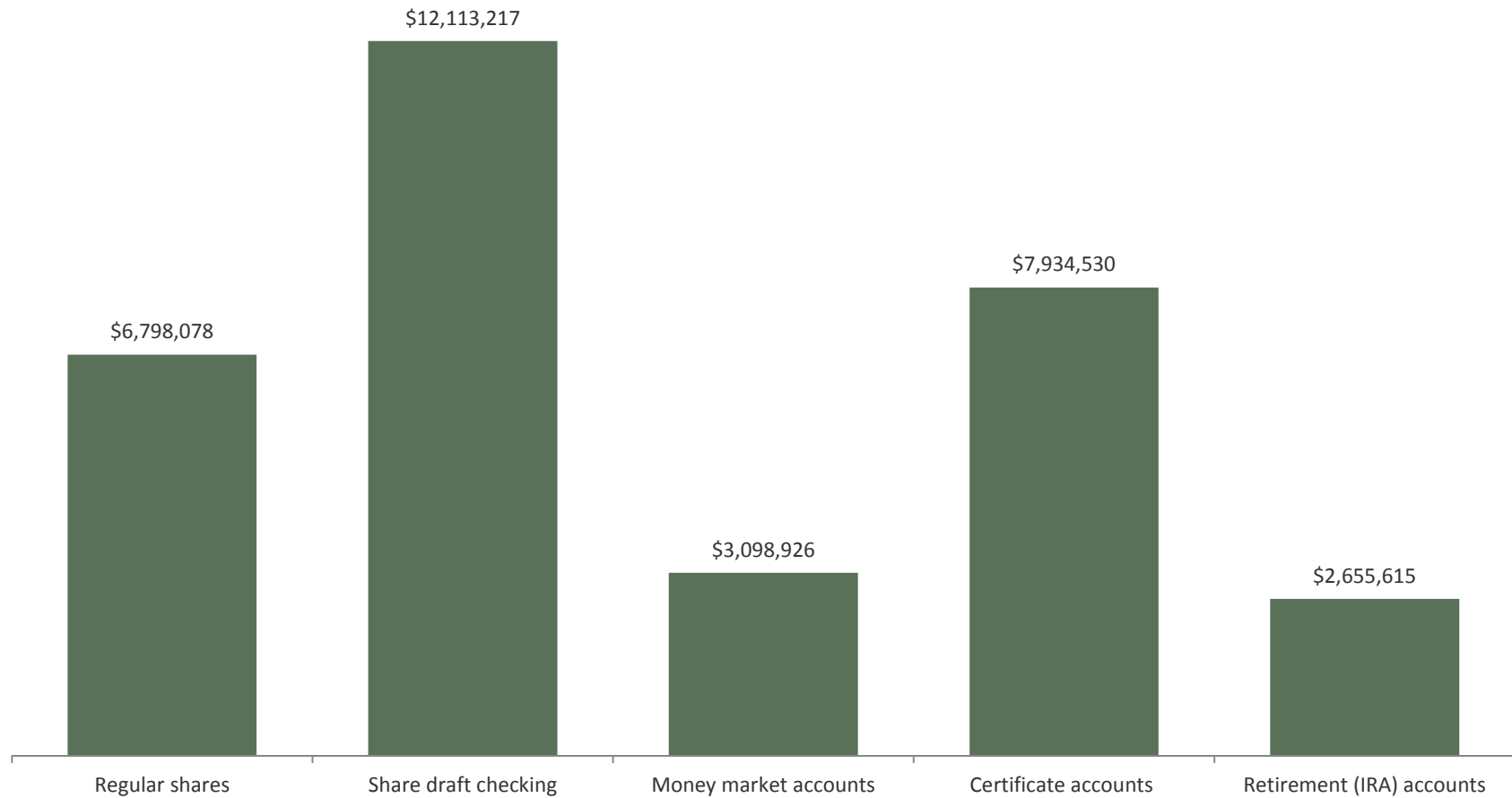
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.97	3.53	-0.57
48-month used car (A paper)	3.06	3.92	-0.86
Unsecured loan (A paper)	9.78	9.57	0.21
5-year adjustable rate 1st mortgage, 0 pts	2.95	2.90	0.04
15-year fixed rate 1st mortgage, 0 pts	3.27	3.50	-0.24
30-year fixed rate 1st mortgage, 0 pts	4.14	4.21	-0.08
Home equity / 2nd mtg, 80% LTV 0 pts	4.23	4.43	-0.20
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	0.19	0.08	0.11
Share draft checking, \$5,000 balance	0.53	0.09	0.43
Money market accounts	0.21	0.12	0.09
1 Year certificate \$10,000 balance	0.51	0.26	0.25
Retirement (IRA) accounts	0.36	0.19	0.17
Fee Income			
Share draft checking, NSF fee	\$29.45	\$32.97	-\$3.51
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 Georgia Credit Unions

September 2014

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Georgia Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,824,963,940	-0.57	\$10,311,046
Used car loans	3,024,321,249	-0.86	\$26,009,163
Personal unsecured loans	490,862,524	0.21	-\$1,030,811
5-year adjustable rate 1st mortgage	963,933,058	0.04	-\$414,491
15-year fixed rate 1st mortgage	1,290,872,133	-0.24	\$3,059,367
30-year fixed rate 1st mortgage	1,393,548,482	-0.08	\$1,073,032
Home equity / 2nd mortgage loans	890,397,996	-0.20	\$1,771,892
Credit cards	678,688,795	-4.52	\$24,755,174
Interest rebates in period			\$1,808
Total CU member benefits arising from lower interest rates on loan products:			\$65,536,180
<u>Savings</u>			
Regular shares	5,937,949,053	0.11	\$6,798,078
Share draft checking	2,788,727,210	0.43	\$12,113,217
Money market accounts	3,414,241,706	0.09	\$3,098,926
Certificate accounts	3,137,343,824	0.25	\$7,934,530
Retirement (IRA) accounts	1,545,441,842	0.17	\$2,655,615
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$32,600,367
<u>Fee Income</u>			
Total CU member benefit arising from fewer / lower fees:			\$27,080,986
<u>Total CU member benefit arising from interest rates on loans, savings products and lower fees:</u>			\$125,217,533
<u>Total CU member benefit / member:</u>			\$63
<u>Total CU member benefit / member household:</u>			\$119

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;

**Georgia
Performance Profile**

Demographic Information	Sep 14	Sep 13
Number of branches	405	399
Total assets (\$ mil)	19,615	19,069
Total loans (\$ mil)	11,709	10,625
Total surplus funds (\$ mil)	7,142	7,698
Total savings (\$ mil)	17,059	16,709
Total members (thousands)	2,031	1,970
Growth Rates (Trailing 12 months) *		
Total assets	2.8 %	2.9 %
Total loans	9.9 %	6.1 %
Total surplus funds	-7.0 %	-1.2 %
Total savings	2.0 %	2.9 %
Total members	3.0 %	2.3 %
Earnings - Basis Pts. *		
Yield on total assets	317	317
Dividend / interest cost of assets	40	45
Fee & other income	150	147
Operating expense	314	314
Loss Provisions	30	33
Net Income (ROA) after stabilization exp	84	72
Capital adequacy		
Net worth / assets	11.9	11.3
Asset quality *		
Delinquencies / loans	0.6	0.8
Net chargeoffs / average loans	0.5	0.6
Total borrower-bankruptcies	23	28
Bankruptcies per 1000 members	1.6	1.9
Asset/Liability Management		
Loans / savings	68.6	63.6
Loans / assets	59.7	55.7
Long-term assets / assets	30.5	31.7
Core deposits/shares & borrowings	52.6	50.8
Productivity		
Members / potential members	7.7	7.9
Borrowers / members	63.2	55.7
Members / FTE	449	440
Average shares / members (\$)	8,400	8,482
Average loan balances (\$)	9,116	9,676
Salary & Benefits / FTE	66,975	64,253

* 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.