

The Benefits of Membership

Customized Analysis of Member Benefits For:

Illinois

September 2014

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Illinois

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 Illinois credit unions provided \$206,722,500 in direct financial benefits to the state's 2,884,934 members during the twelve months ending September 2014.

These benefits are equivalent to \$72 per member or \$136 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 Illinois 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 Illinois credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Illinois credit union will save members an average \$174 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.

Illinois credit unions excel in providing member benefits on many loan and savings products. In particular, Illinois 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.

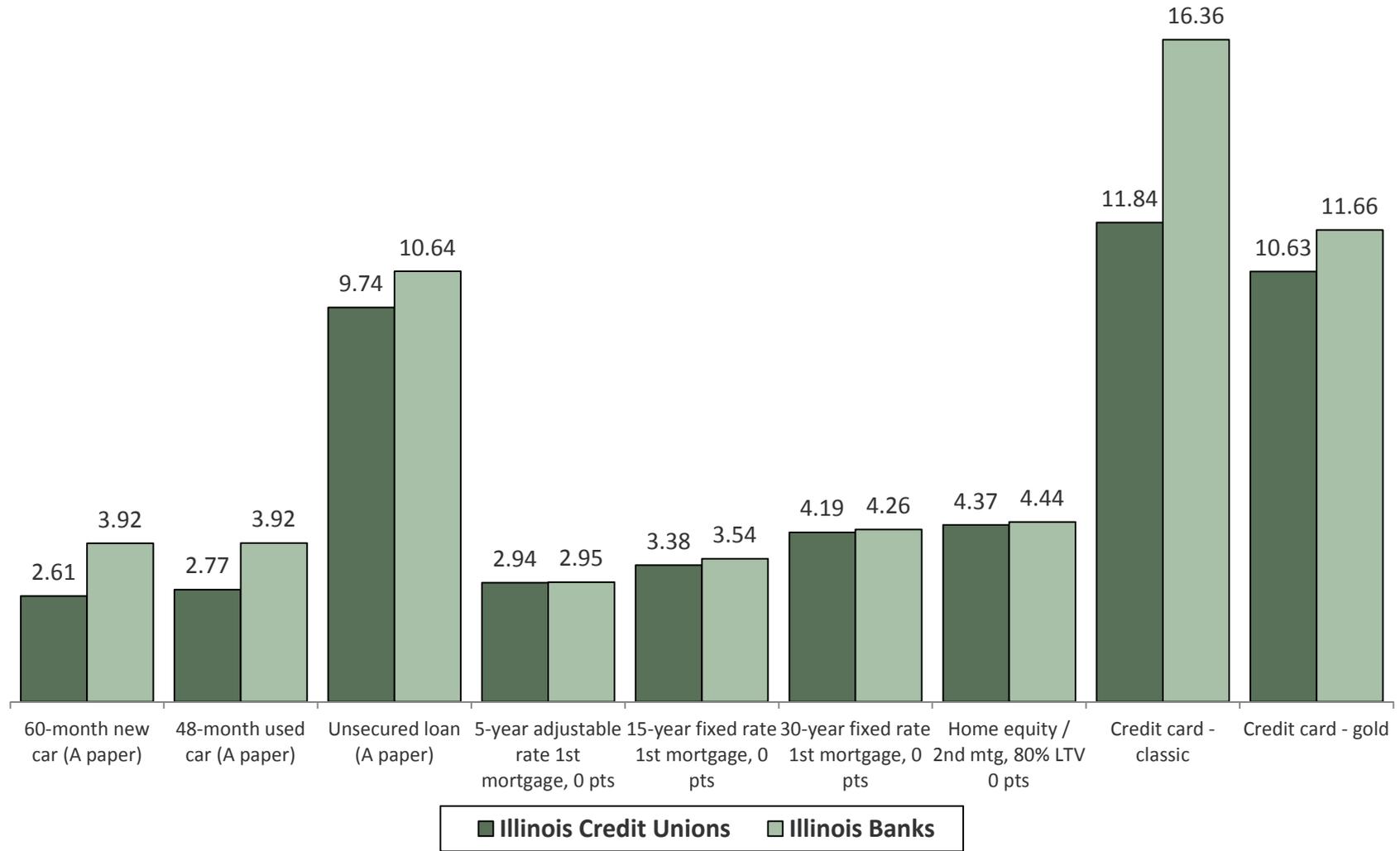
Illinois credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



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

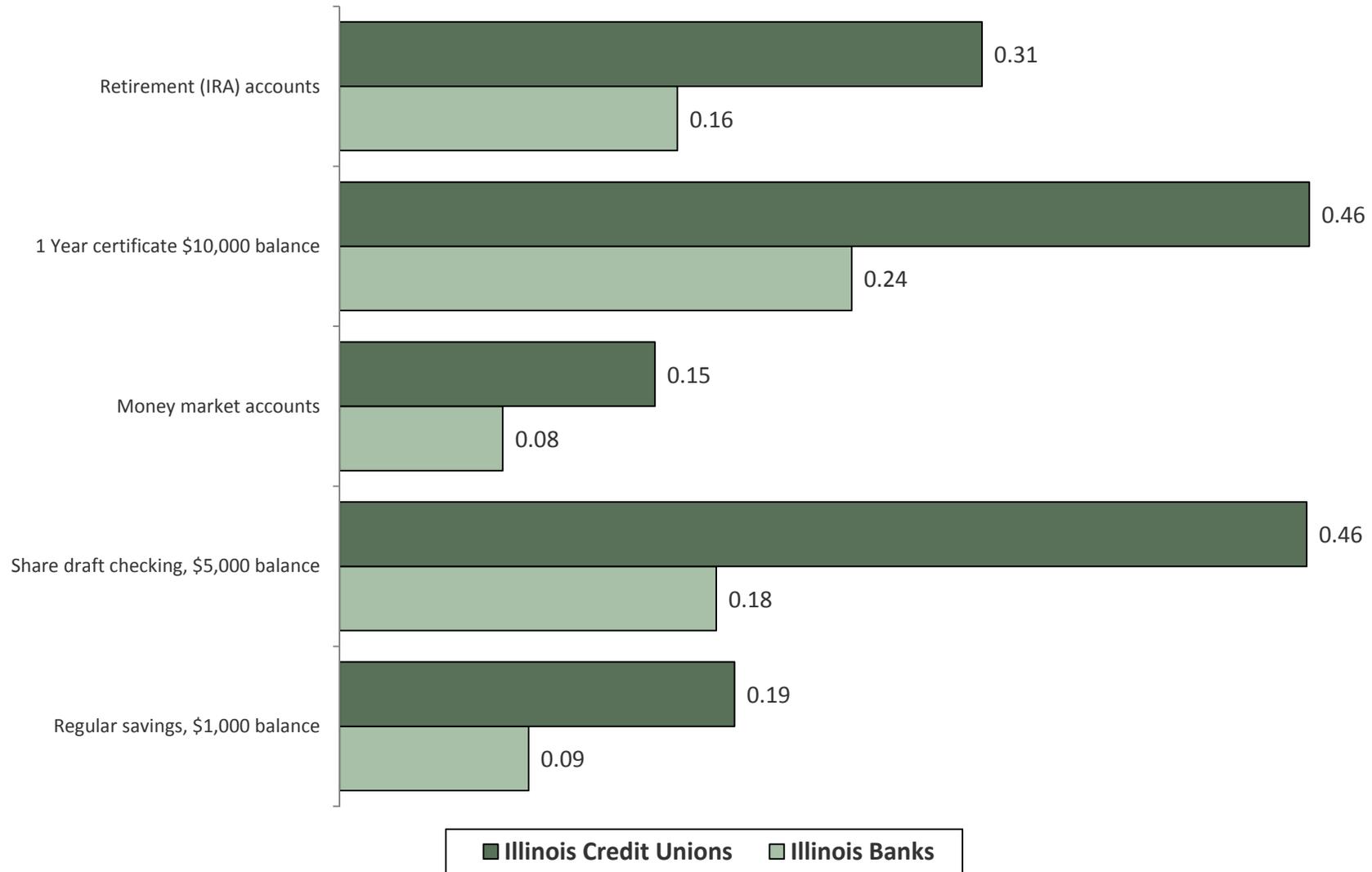
Loan Product Comparative Interest Rates (%)

By Loan Type

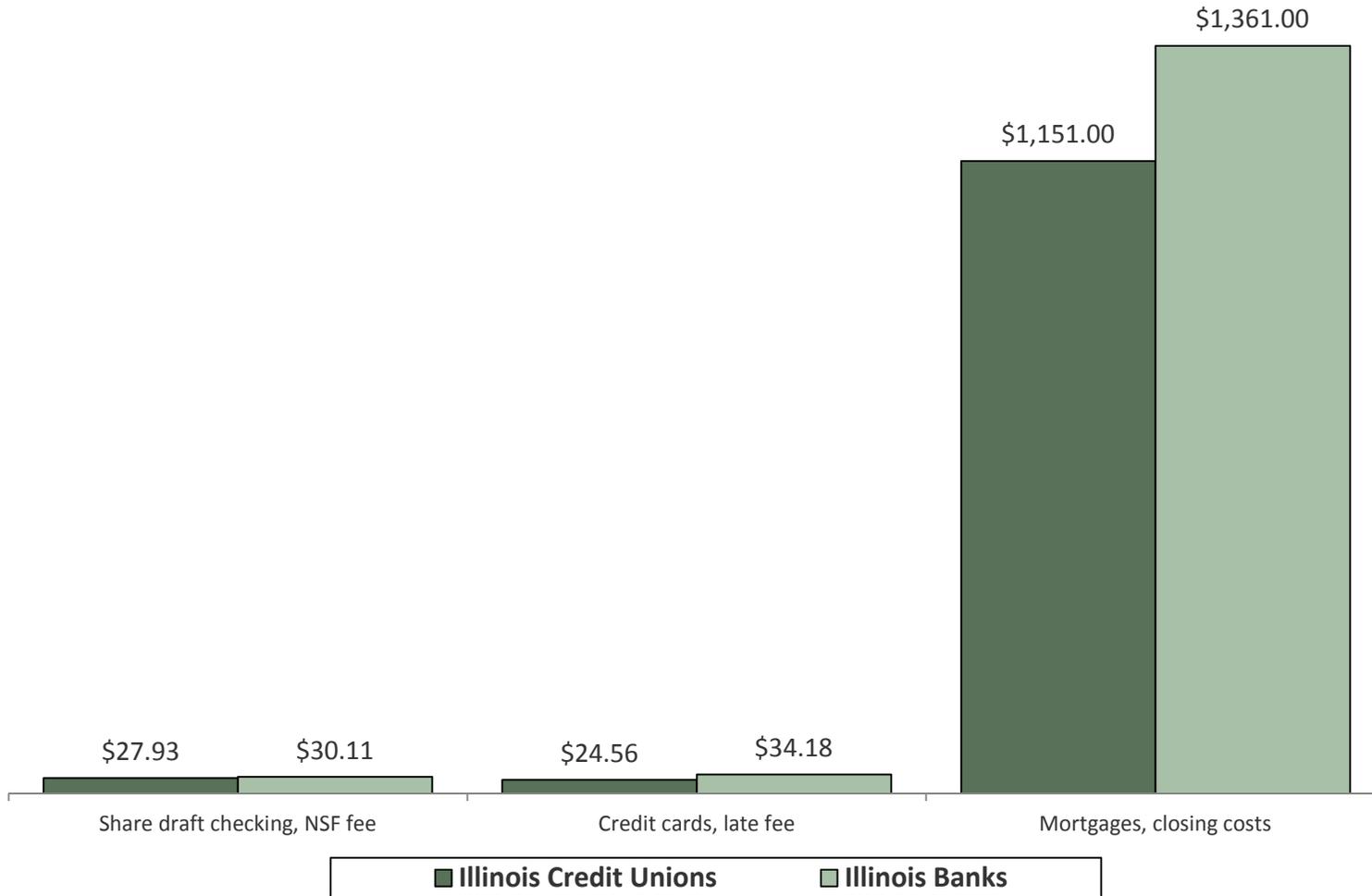


Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees By Type



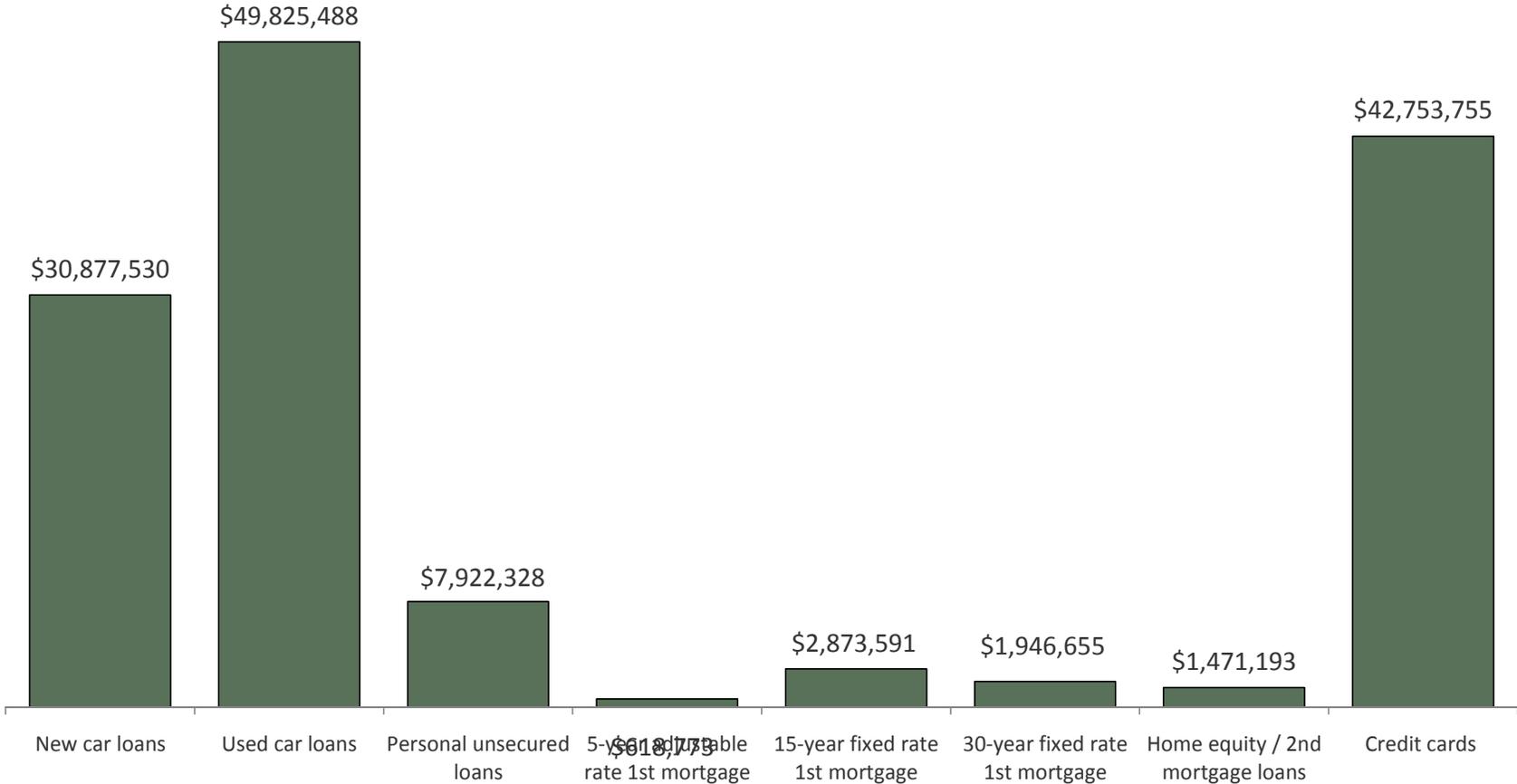
Illinois
Credit Union and Banking Institution
September 2014 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.61	3.92	-1.30
48-month used car (A paper)	2.77	3.92	-1.15
Unsecured loan (A paper)	9.74	10.64	-0.89
5-year adjustable rate 1st mortgage, 0 pts	2.94	2.95	-0.01
15-year fixed rate 1st mortgage, 0 pts	3.38	3.54	-0.16
30-year fixed rate 1st mortgage, 0 pts	4.19	4.26	-0.08
Home equity / 2nd mtg, 80% LTV 0 pts	4.37	4.44	-0.07
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	0.09	0.10
Share draft checking, \$5,000 balance	0.46	0.18	0.28
Money market accounts	0.15	0.08	0.07
1 Year certificate \$10,000 balance	0.46	0.24	0.22
Retirement (IRA) accounts	0.31	0.16	0.15
Fee Income			
Share draft checking, NSF fee	\$27.93	\$30.11	-\$2.18
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

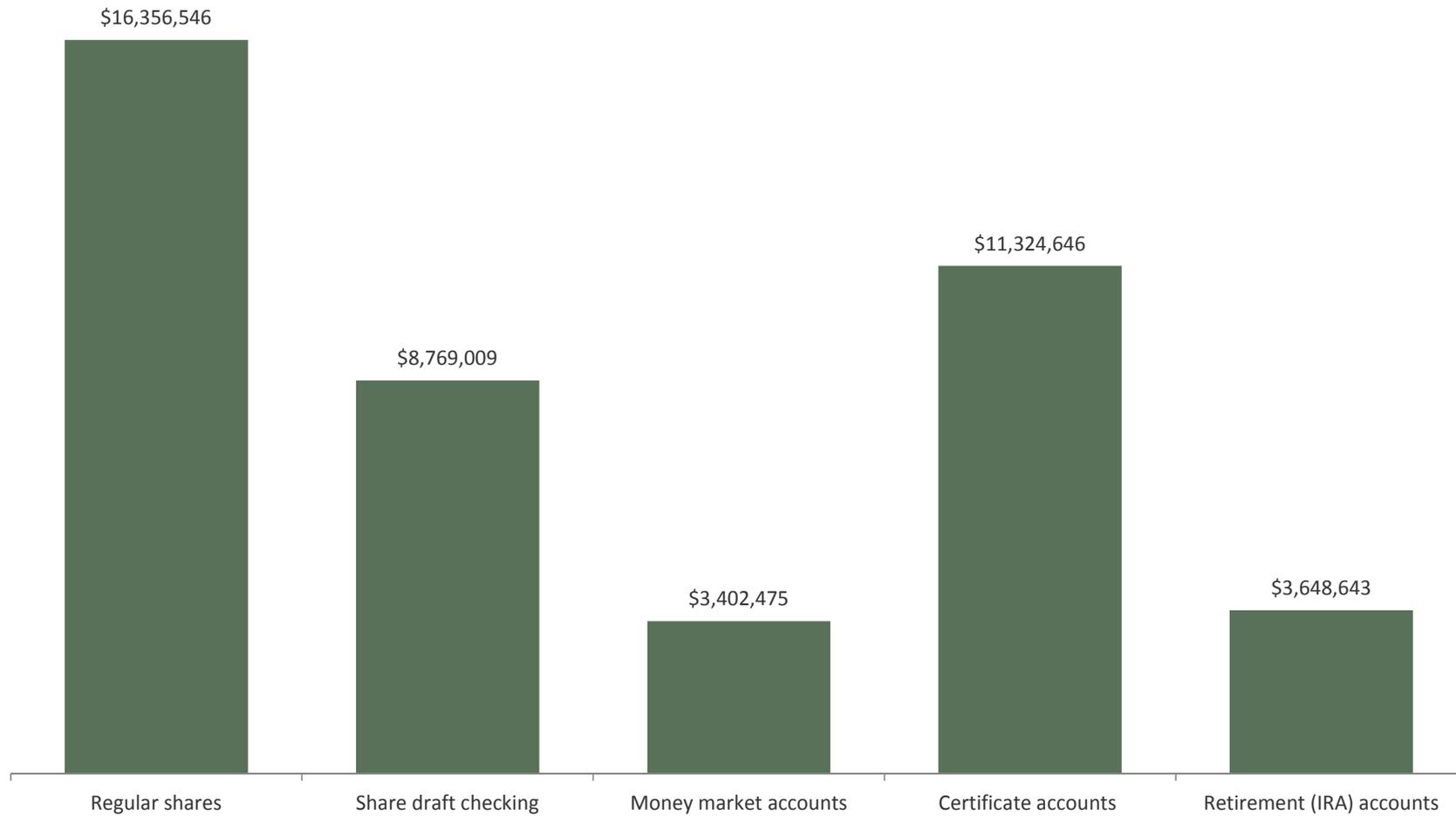
Source: Informa Research Services

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 Illinois Credit Unions September 2014

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Illinois Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	2,371,546,055	-1.30	\$30,877,530
Used car loans	4,336,421,956	-1.15	\$49,825,488
Personal unsecured loans	888,153,403	-0.89	\$7,922,328
5-year adjustable rate 1st mortgage	5,156,444,554	-0.01	\$618,773
15-year fixed rate 1st mortgage	1,807,290,171	-0.16	\$2,873,591
30-year fixed rate 1st mortgage	2,595,540,098	-0.08	\$1,946,655
Home equity / 2nd mortgage loans	2,132,163,880	-0.07	\$1,471,193
Credit cards	1,172,138,584	-4.52	\$42,753,755
Interest rebates in period			\$213,866
Total CU member benefits arising from lower interest rates on loan products:			\$138,503,180
 <u>Savings</u>			
Regular shares	16,646,387,045	0.10	\$16,356,546
Share draft checking	3,112,716,339	0.28	\$8,769,009
Money market accounts	4,690,803,768	0.07	\$3,402,475
Certificate accounts	5,188,913,306	0.22	\$11,324,646
Retirement (IRA) accounts	2,509,538,537	0.15	\$3,648,643
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$43,501,319
 <u>Fee Income</u>			
Total CU member benefit arising from fewer / lower fees:			\$24,718,001
 Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$206,722,500
 Total CU member benefit / member:			\$72
Total CU member benefit / member household:			\$136

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;

**Illinois
Performance Profile**

Demographic Information	Sep 14	Sep 13
Number of branches	702	729
Total assets (\$ mil)	37,591	37,150
Total loans (\$ mil)	22,716	20,380
Total surplus funds (\$ mil)	13,776	15,703
Total savings (\$ mil)	32,590	32,516
Total members (thousands)	2,930	2,888
Growth Rates (Trailing 12 months) *		
Total assets	1.8 %	1.9 %
Total loans	12.0 %	5.6 %
Total surplus funds	-11.7 %	-2.7 %
Total savings	0.8 %	1.8 %
Total members	2.6 %	2.5 %
Earnings - Basis Pts. *		
Yield on total assets	296	286
Dividend / interest cost of assets	49	57
Fee & other income	100	107
Operating expense	251	253
Loss Provisions	22	25
Net Income (ROA) after stabilization exp	73	58
Capital adequacy		
Net worth / assets	11.1	10.6
Asset quality *		
Delinquencies / loans	0.8	1.1
Net chargeoffs / average loans	0.4	0.5
Total borrower-bankruptcies	16	16
Bankruptcies per 1000 members	1.7	1.9
Asset/Liability Management		
Loans / savings	69.7	62.7
Loans / assets	60.4	54.9
Long-term assets / assets	29.3	28.6
Core deposits/shares & borrowings	61.8	60.1
Productivity		
Members / potential members	5.1	5.2
Borrowers / members	52.4	49.9
Members / FTE	418	417
Average shares / members (\$)	11,124	11,260
Average loan balances (\$)	14,793	14,134
Salary & Benefits / FTE	66,266	64,875

* 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.