

The Benefits of Membership

Customized Analysis of Member Benefits For:

Indiana

September 2014

Prepared by:

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Indiana

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 Indiana credit unions provided \$114,561,302 in direct financial benefits to the state's 2,252,516 members during the twelve months ending September 2014.

These benefits are equivalent to \$51 per member or \$97 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 Indiana 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 Indiana credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Indiana credit union will save members an average \$116 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.

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

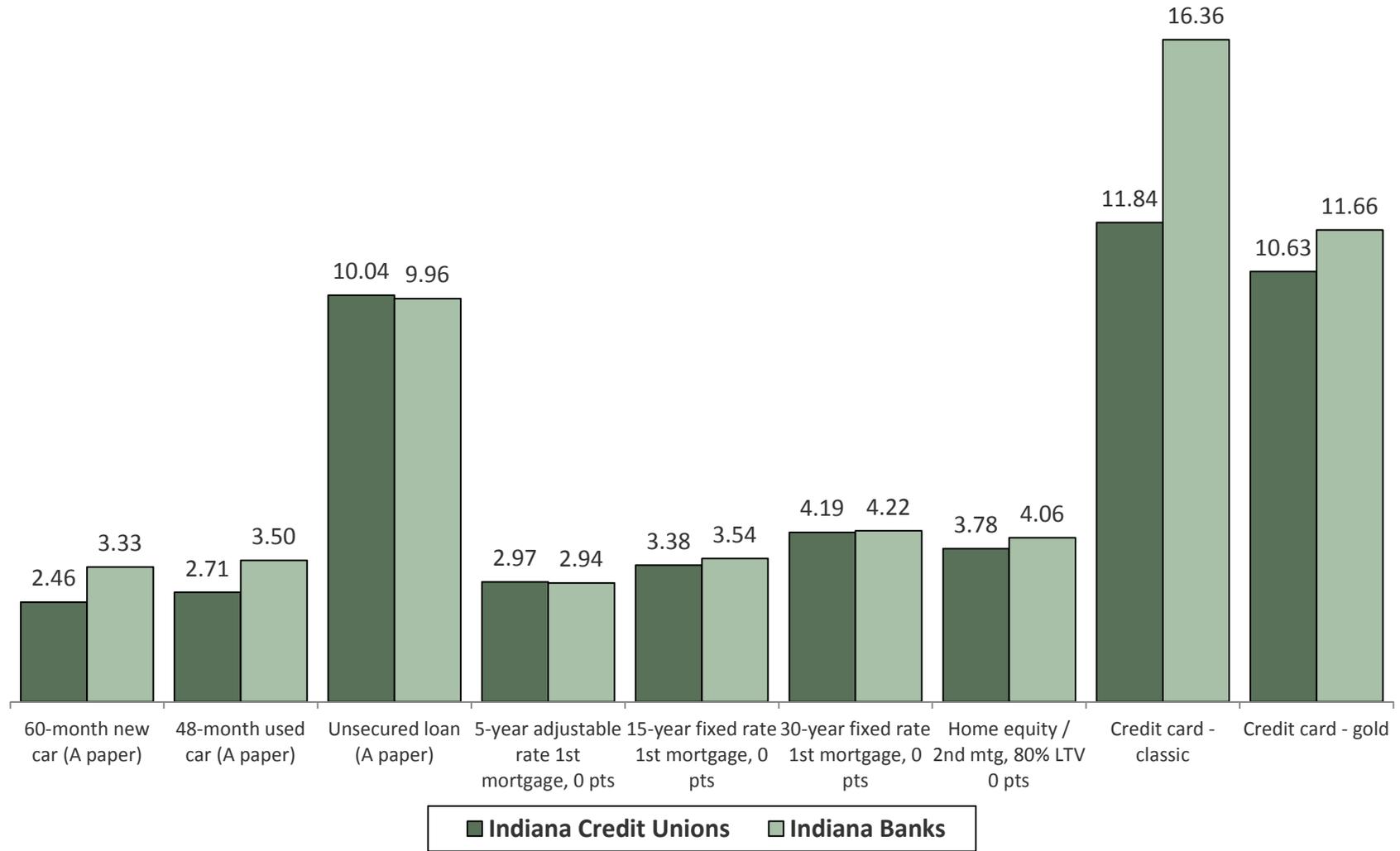
Indiana credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



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

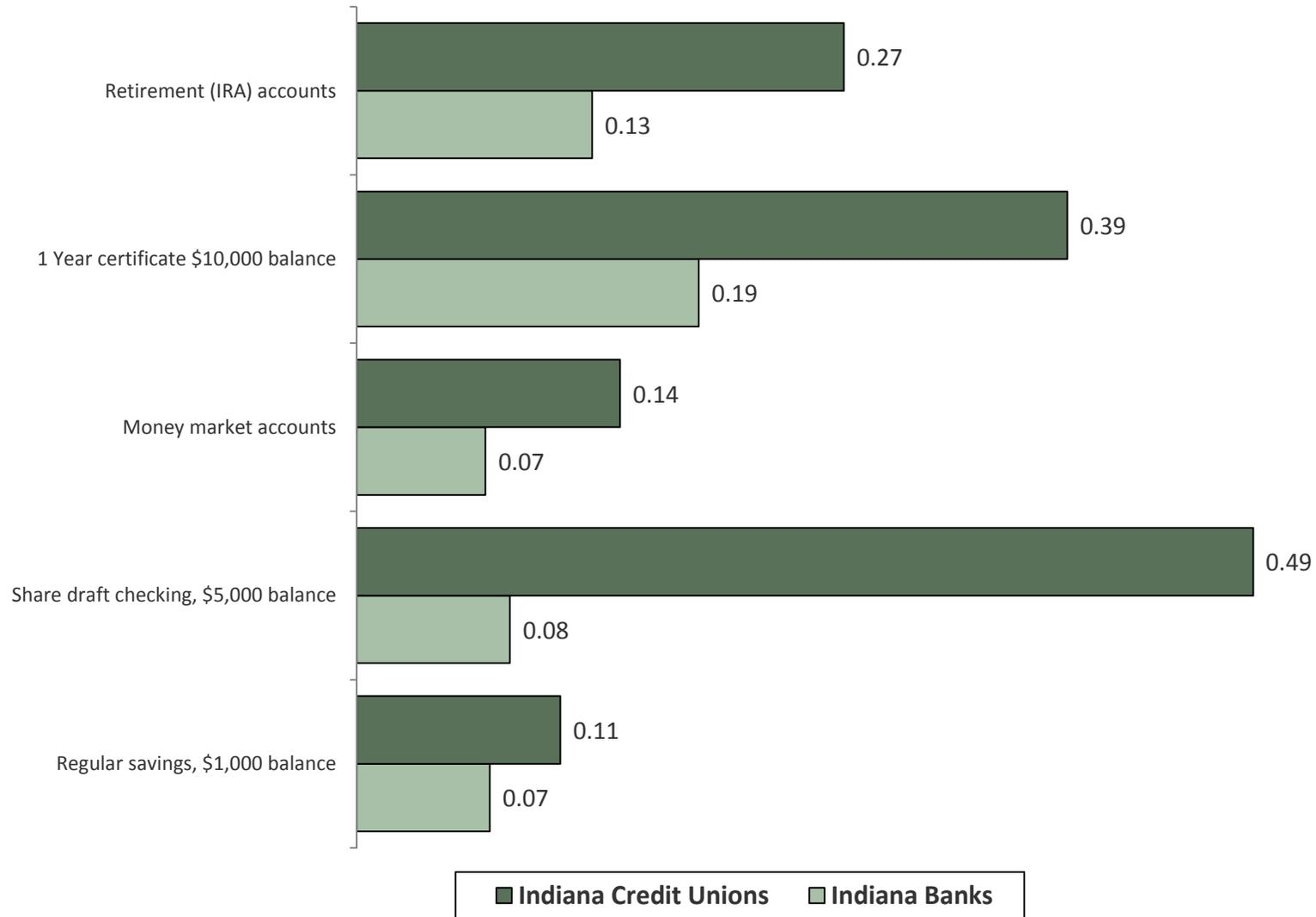
Loan Product Comparative Interest Rates (%)

By Loan Type



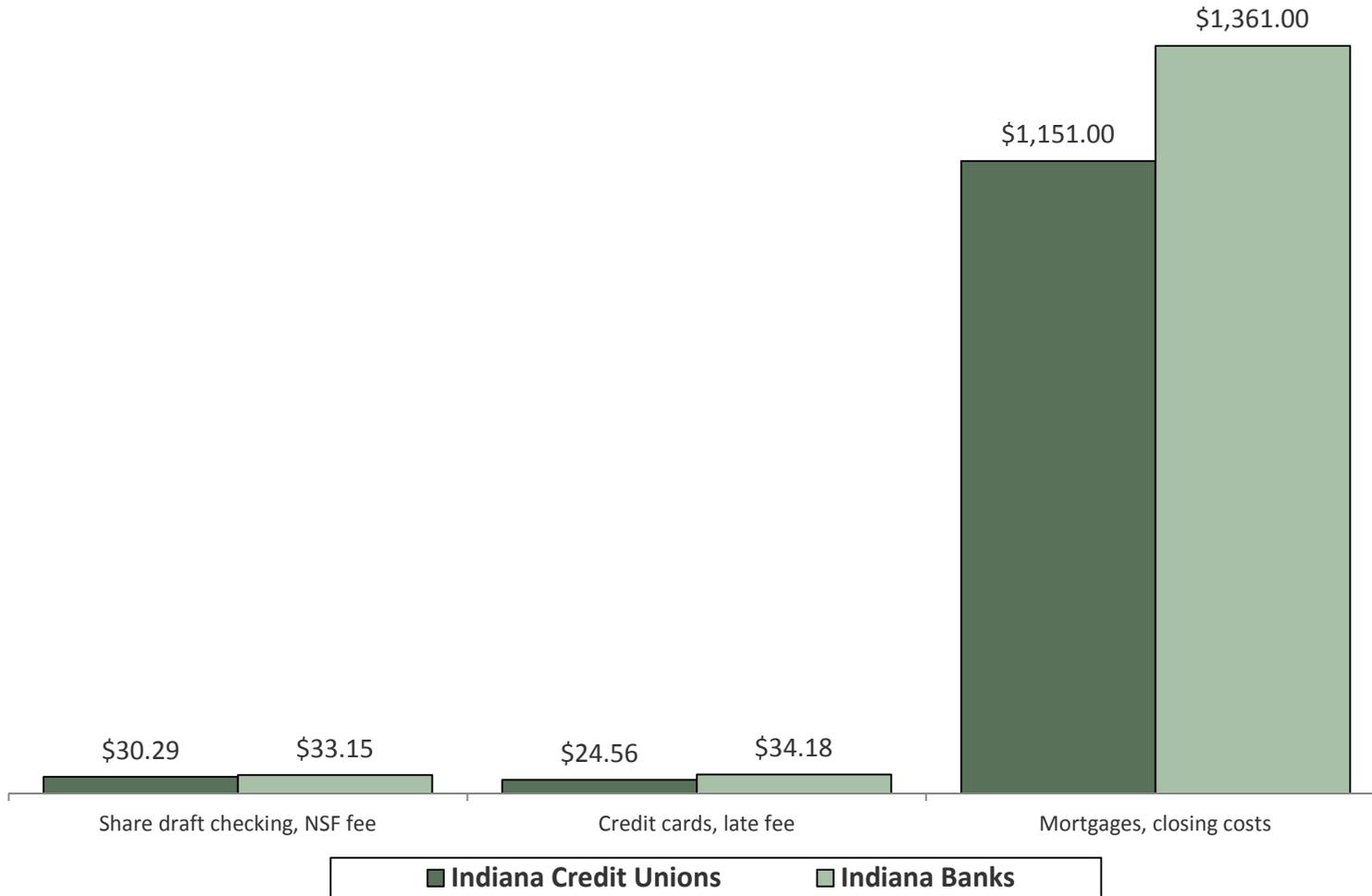
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type

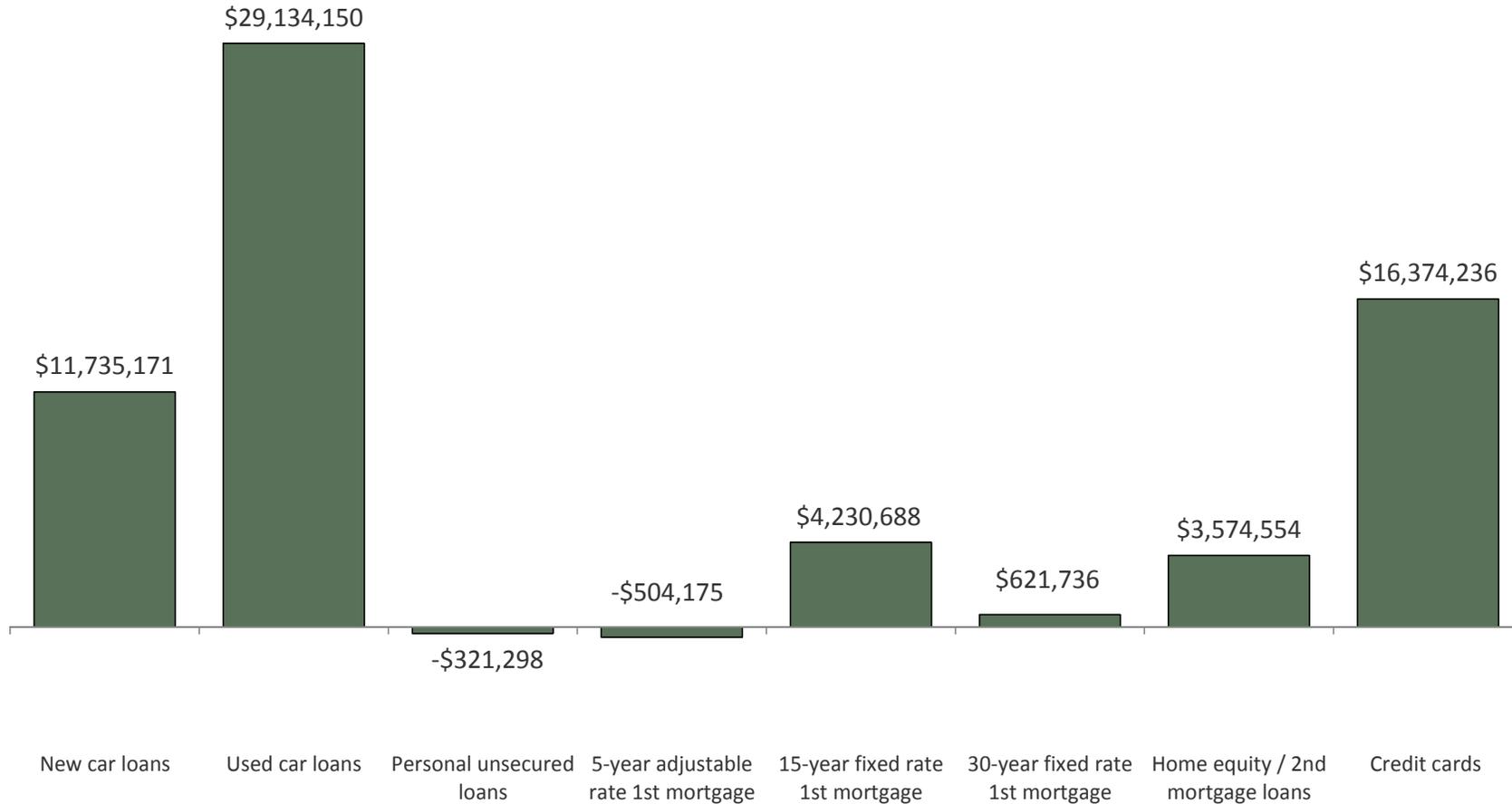


Indiana
Credit Union and Banking Institution
September 2014 Average Interest Rates and Fees

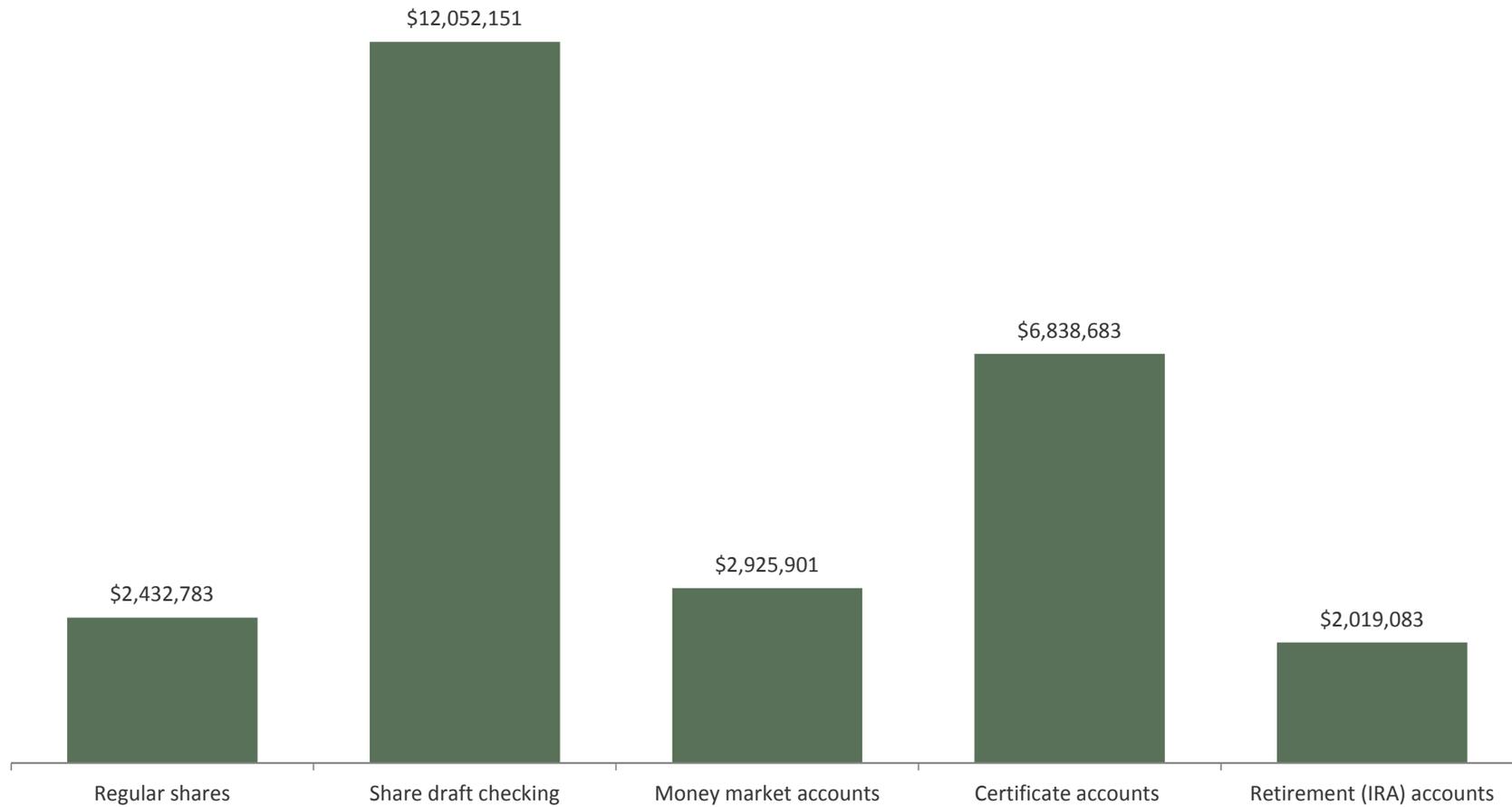
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.46	3.33	-0.87
48-month used car (A paper)	2.71	3.50	-0.79
Unsecured loan (A paper)	10.04	9.96	0.08
5-year adjustable rate 1st mortgage, 0 pts	2.97	2.94	0.03
15-year fixed rate 1st mortgage, 0 pts	3.38	3.54	-0.16
30-year fixed rate 1st mortgage, 0 pts	4.19	4.22	-0.04
Home equity / 2nd mtg, 80% LTV 0 pts	3.78	4.06	-0.27
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	0.11	0.07	0.04
Share draft checking, \$5,000 balance	0.49	0.08	0.40
Money market accounts	0.14	0.07	0.07
1 Year certificate \$10,000 balance	0.39	0.19	0.20
Retirement (IRA) accounts	0.27	0.13	0.14
Fee Income			
Share draft checking, NSF fee	\$30.29	\$33.15	-\$2.87
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 Indiana Credit Unions

September 2014

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Indiana Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,347,321,579	-0.87	\$11,735,171
Used car loans	3,697,227,153	-0.79	\$29,134,150
Personal unsecured loans	387,105,961	0.08	-\$321,298
5-year adjustable rate 1st mortgage	1,680,582,186	0.03	-\$504,175
15-year fixed rate 1st mortgage	2,627,756,352	-0.16	\$4,230,688
30-year fixed rate 1st mortgage	1,680,367,926	-0.04	\$621,736
Home equity / 2nd mortgage loans	1,304,581,849	-0.27	\$3,574,554
Credit cards	448,916,674	-4.52	\$16,374,236
Interest rebates in period			\$546,700
Total CU member benefits arising from lower interest rates on loan products:			\$65,391,762
<u>Savings</u>			
Regular shares	6,346,390,612	0.04	\$2,432,783
Share draft checking	2,976,243,623	0.40	\$12,052,151
Money market accounts	3,989,560,013	0.07	\$2,925,901
Certificate accounts	3,403,869,508	0.20	\$6,838,683
Retirement (IRA) accounts	1,472,450,015	0.14	\$2,019,083
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$26,268,601
<u>Fee Income</u>			
Total CU member benefit arising from fewer / lower fees:			\$22,900,939
<u>Total CU member benefit arising from interest rates on loans, savings products and lower fees:</u>			\$114,561,302
<u>Total CU member benefit / member:</u>			\$51
<u>Total CU member benefit / member household:</u>			\$97

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;

**Indiana
Performance Profile**

Demographic Information	Sep 14	Sep 13
Number of branches	593	600
Total assets (\$ mil)	22,086	21,421
Total loans (\$ mil)	14,611	13,432
Total surplus funds (\$ mil)	6,555	7,151
Total savings (\$ mil)	18,756	18,449
Total members (thousands)	2,275	2,245
Growth Rates (Trailing 12 months) *		
Total assets	3.5 %	4.2 %
Total loans	9.0 %	6.2 %
Total surplus funds	-7.6 %	0.6 %
Total savings	2.1 %	4.0 %
Total members	2.0 %	0.4 %
Earnings - Basis Pts. *		
Yield on total assets	325	327
Dividend / interest cost of assets	50	58
Fee & other income	151	148
Operating expense	346	342
Loss Provisions	17	19
Net Income (ROA) after stabilization exp	63	56
Capital adequacy		
Net worth / assets	10.9	10.6
Asset quality *		
Delinquencies / loans	0.7	0.7
Net chargeoffs / average loans	0.3	0.3
Total borrower-bankruptcies	23	21
Bankruptcies per 1000 members	1.7	1.7
Asset/Liability Management		
Loans / savings	77.9	72.8
Loans / assets	66.2	62.7
Long-term assets / assets	37.4	38.2
Core deposits/shares & borrowings	49.7	48.9
Productivity		
Members / potential members	9.6	9.3
Borrowers / members	48.0	45.4
Members / FTE	363	361
Average shares / members (\$)	8,245	8,219
Average loan balances (\$)	13,367	13,182
Salary & Benefits / FTE	59,473	57,601

* 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.