

The Benefits of Membership

Customized Analysis of Member Benefits For:

Mississippi

September 2014

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Mississippi

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 Mississippi credit unions provided \$51,073,186 in direct financial benefits to the state's 584,603 members during the twelve months ending September 2014.

These benefits are equivalent to \$87 per member or \$166 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 Mississippi 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 Mississippi credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Mississippi credit union will save members an average \$223 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.

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

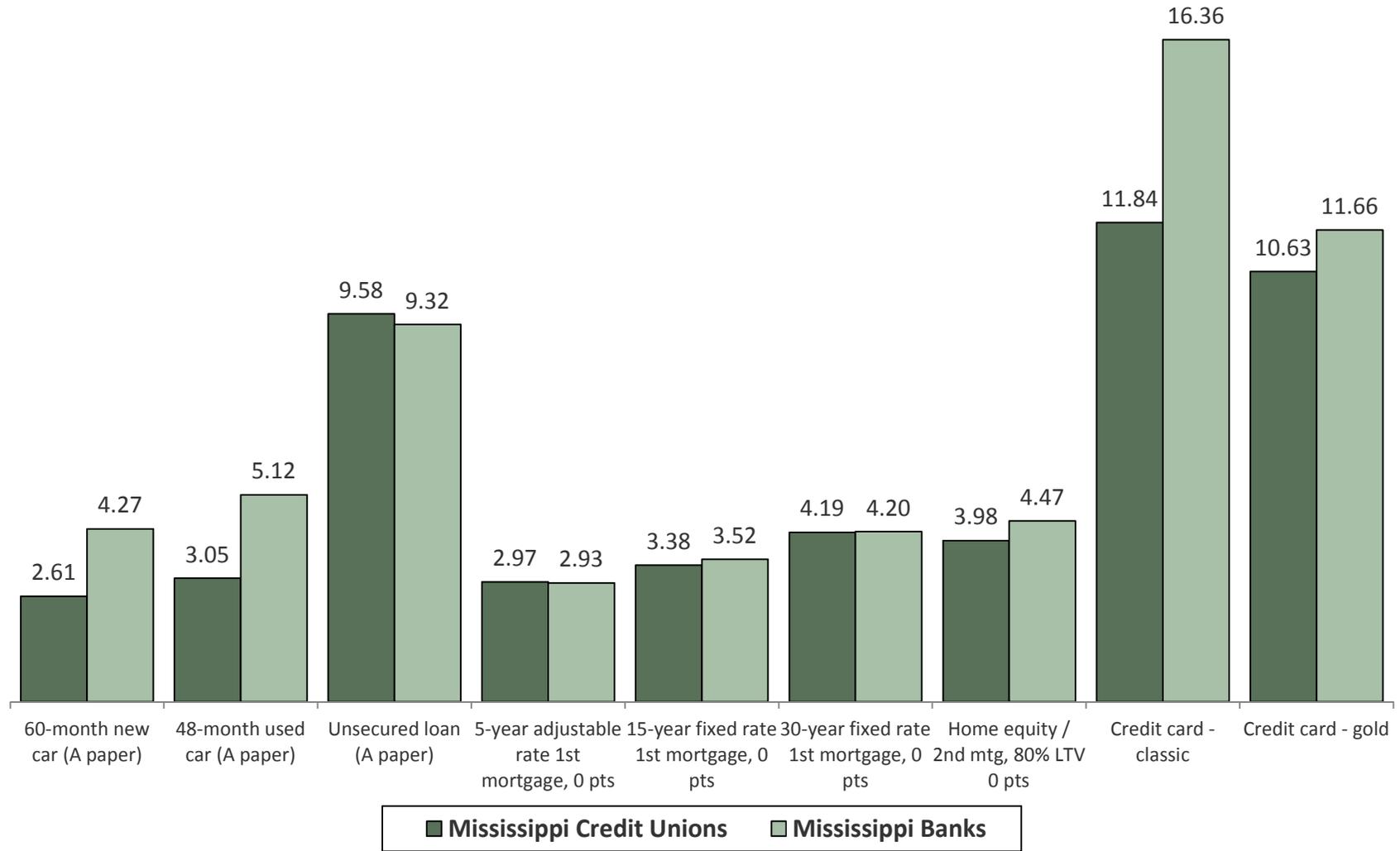
Mississippi credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



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

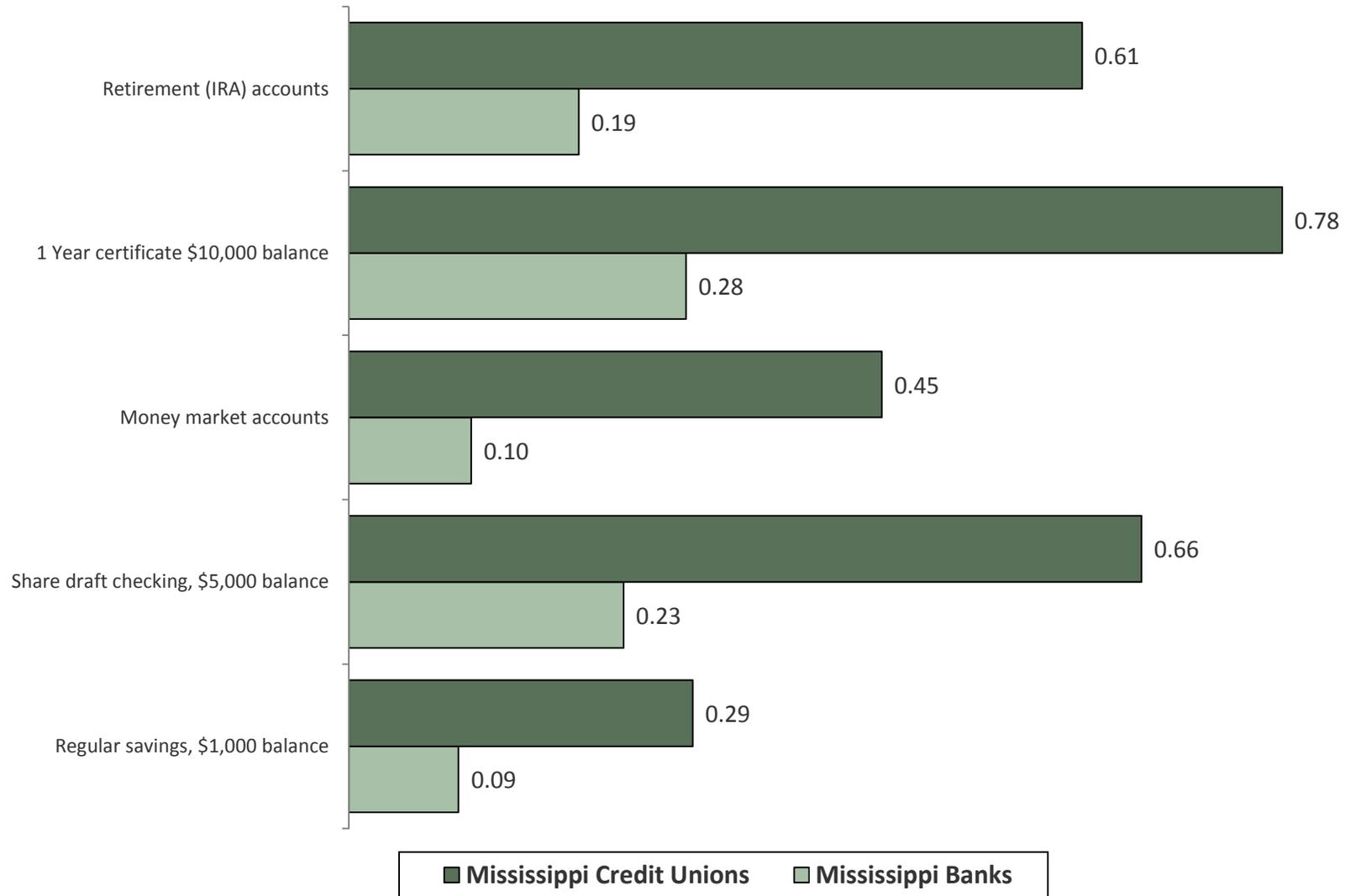
Loan Product Comparative Interest Rates (%)

By Loan Type

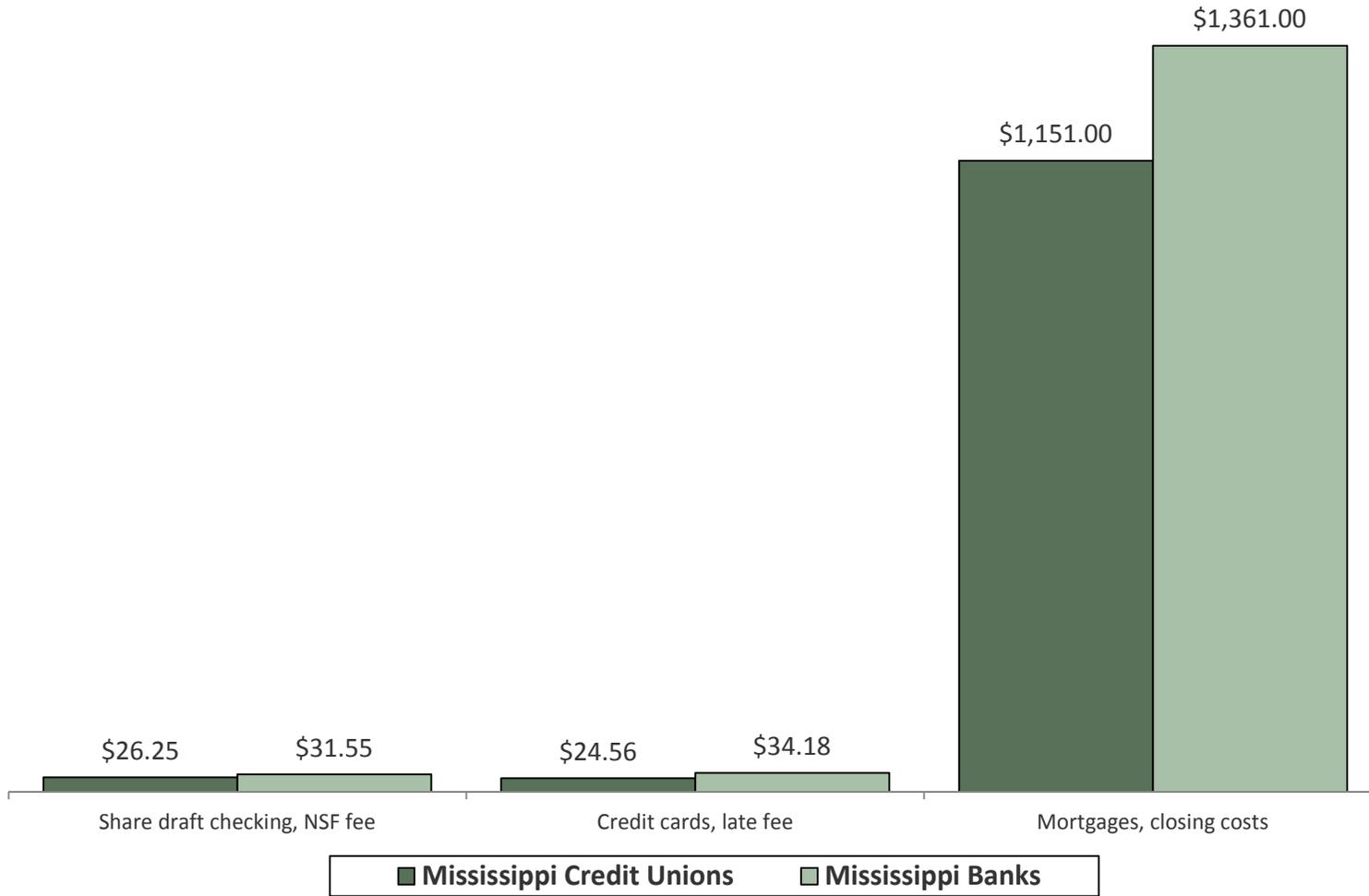


Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees By Type

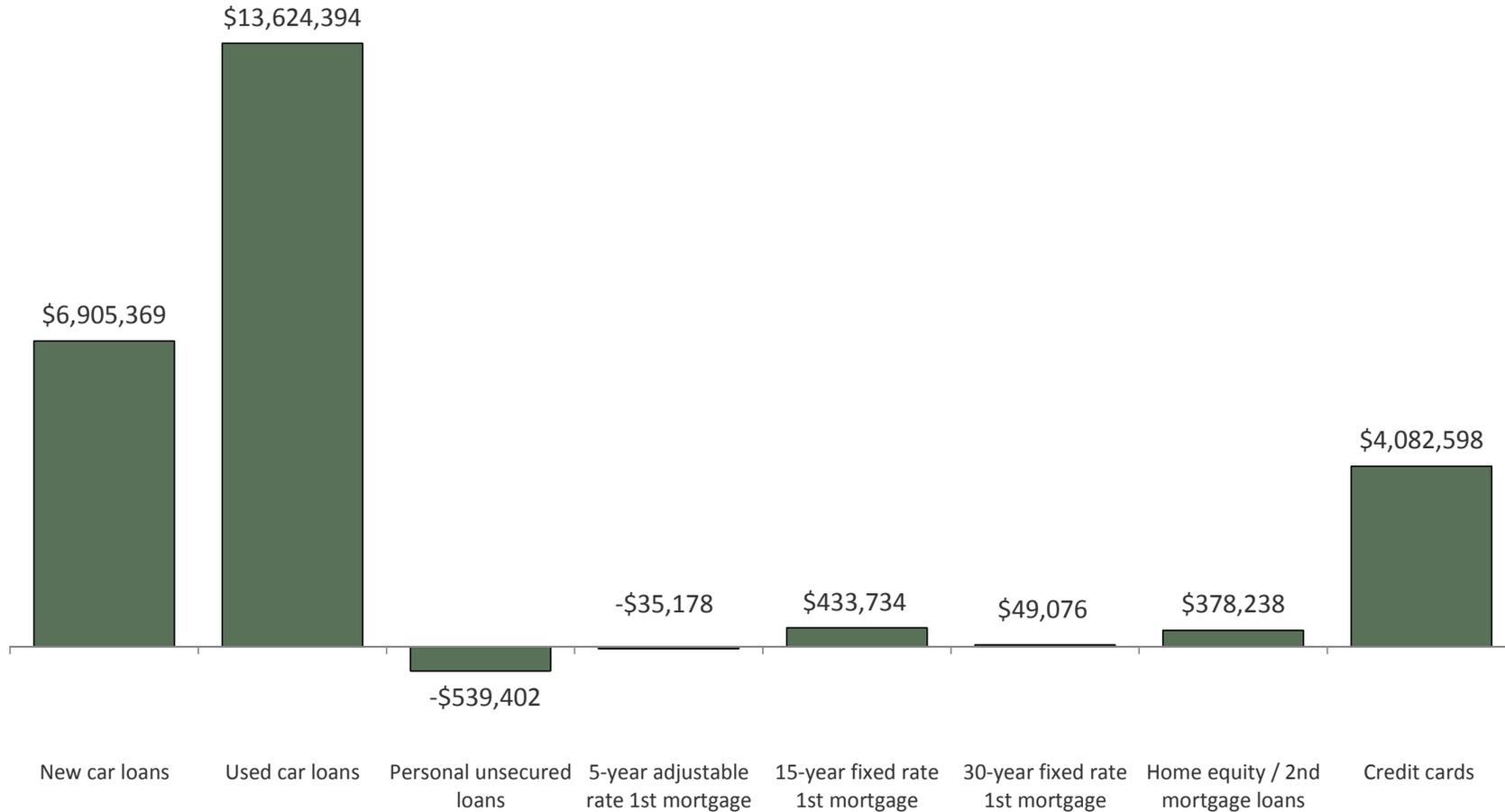


Mississippi
Credit Union and Banking Institution
September 2014 Average Interest Rates and Fees

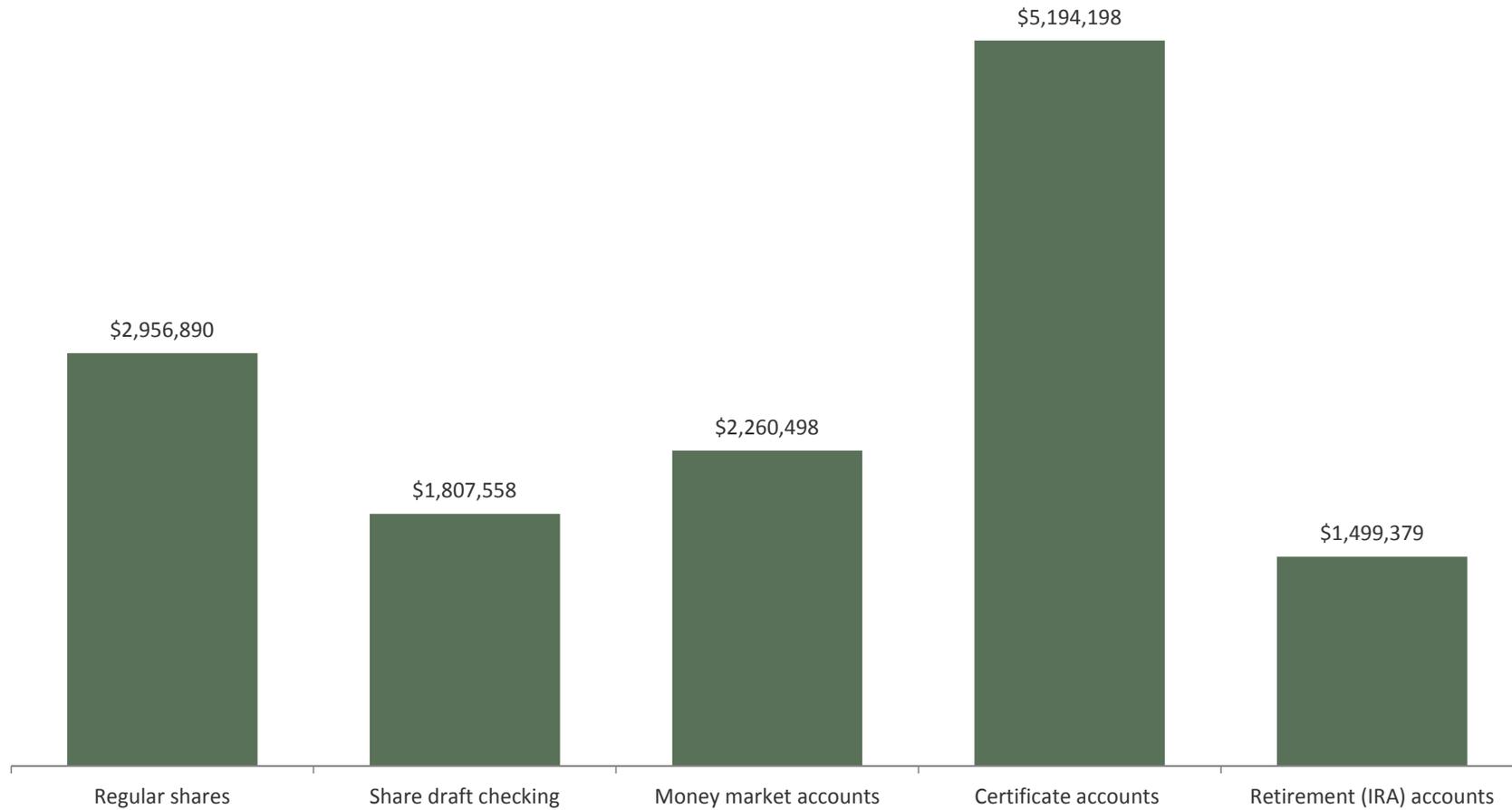
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.61	4.27	-1.66
48-month used car (A paper)	3.05	5.12	-2.06
Unsecured loan (A paper)	9.58	9.32	0.26
5-year adjustable rate 1st mortgage, 0 pts	2.97	2.93	0.03
15-year fixed rate 1st mortgage, 0 pts	3.38	3.52	-0.15
30-year fixed rate 1st mortgage, 0 pts	4.19	4.20	-0.02
Home equity / 2nd mtg, 80% LTV 0 pts	3.98	4.47	-0.49
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	0.29	0.09	0.20
Share draft checking, \$5,000 balance	0.66	0.23	0.43
Money market accounts	0.45	0.10	0.34
1 Year certificate \$10,000 balance	0.78	0.28	0.50
Retirement (IRA) accounts	0.61	0.19	0.42
Fee Income			
Share draft checking, NSF fee	\$26.25	\$31.55	-\$5.30
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 Mississippi Credit Unions

September 2014

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Mississippi Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	416,236,829	-1.66	\$6,905,369
Used car loans	661,057,443	-2.06	\$13,624,394
Personal unsecured loans	205,095,881	0.26	-\$539,402
5-year adjustable rate 1st mortgage	109,931,473	0.03	-\$35,178
15-year fixed rate 1st mortgage	297,077,925	-0.15	\$433,734
30-year fixed rate 1st mortgage	258,294,254	-0.02	\$49,076
Home equity / 2nd mortgage loans	77,349,335	-0.49	\$378,238
Credit cards	111,928,662	-4.52	\$4,082,598
Interest rebates in period			\$5,096
Total CU member benefits arising from lower interest rates on loan products:			\$24,903,925
<u>Savings</u>			
Regular shares	1,509,760,229	0.20	\$2,956,890
Share draft checking	417,630,636	0.43	\$1,807,558
Money market accounts	658,509,549	0.34	\$2,260,498
Certificate accounts	1,042,823,511	0.50	\$5,194,198
Retirement (IRA) accounts	356,415,973	0.42	\$1,499,379
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$13,718,523
<u>Fee Income</u>			
Total CU member benefit arising from fewer / lower fees:			\$12,450,738
<u>Total CU member benefit arising from interest rates on loans, savings products and lower fees:</u>			\$51,073,186
<u>Total CU member benefit / member:</u>			\$87
<u>Total CU member benefit / member household:</u>			\$166

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;

**Mississippi
Performance Profile**

Demographic Information	Sep 14	Sep 13
Number of branches	171	161
Total assets (\$ mil)	4,766	4,646
Total loans (\$ mil)	2,416	2,276
Total surplus funds (\$ mil)	2,164	2,167
Total savings (\$ mil)	4,071	3,990
Total members (thousands)	590	581
Growth Rates (Trailing 12 months) *		
Total assets	2.7 %	4.2 %
Total loans	6.2 %	6.2 %
Total surplus funds	0.0 %	2.1 %
Total savings	2.1 %	4.5 %
Total members	1.8 %	1.7 %
Earnings - Basis Pts. *		
Yield on total assets	350	349
Dividend / interest cost of assets	62	61
Fee & other income	184	171
Operating expense	344	342
Loss Provisions	41	31
Net Income (ROA) after stabilization exp	87	85
Capital adequacy		
Net worth / assets	13.4	12.9
Asset quality *		
Delinquencies / loans	1.4	1.4
Net chargeoffs / average loans	0.7	0.7
Total borrower-bankruptcies	15	14
Bankruptcies per 1000 members	2.1	2.1
Asset/Liability Management		
Loans / savings	59.3	57.0
Loans / assets	50.7	49.0
Long-term assets / assets	30.9	35.5
Core deposits/shares & borrowings	47.9	47.3
Productivity		
Members / potential members	16.4	16.5
Borrowers / members	45.8	43.4
Members / FTE	403	413
Average shares / members (\$)	6,903	6,868
Average loan balances (\$)	8,937	9,032
Salary & Benefits / FTE	52,081	51,597

* 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.