

The Benefits of Membership

Customized Analysis of Member Benefits For:

South Carolina

September 2014

Prepared by:

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



South Carolina

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 South Carolina credit unions provided \$70,344,259 in direct financial benefits to the state's 1,426,556 members during the twelve months ending September 2014.

These benefits are equivalent to \$49 per member or \$94 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 South Carolina 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 South Carolina credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a South Carolina credit union will save members an average \$100 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.

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

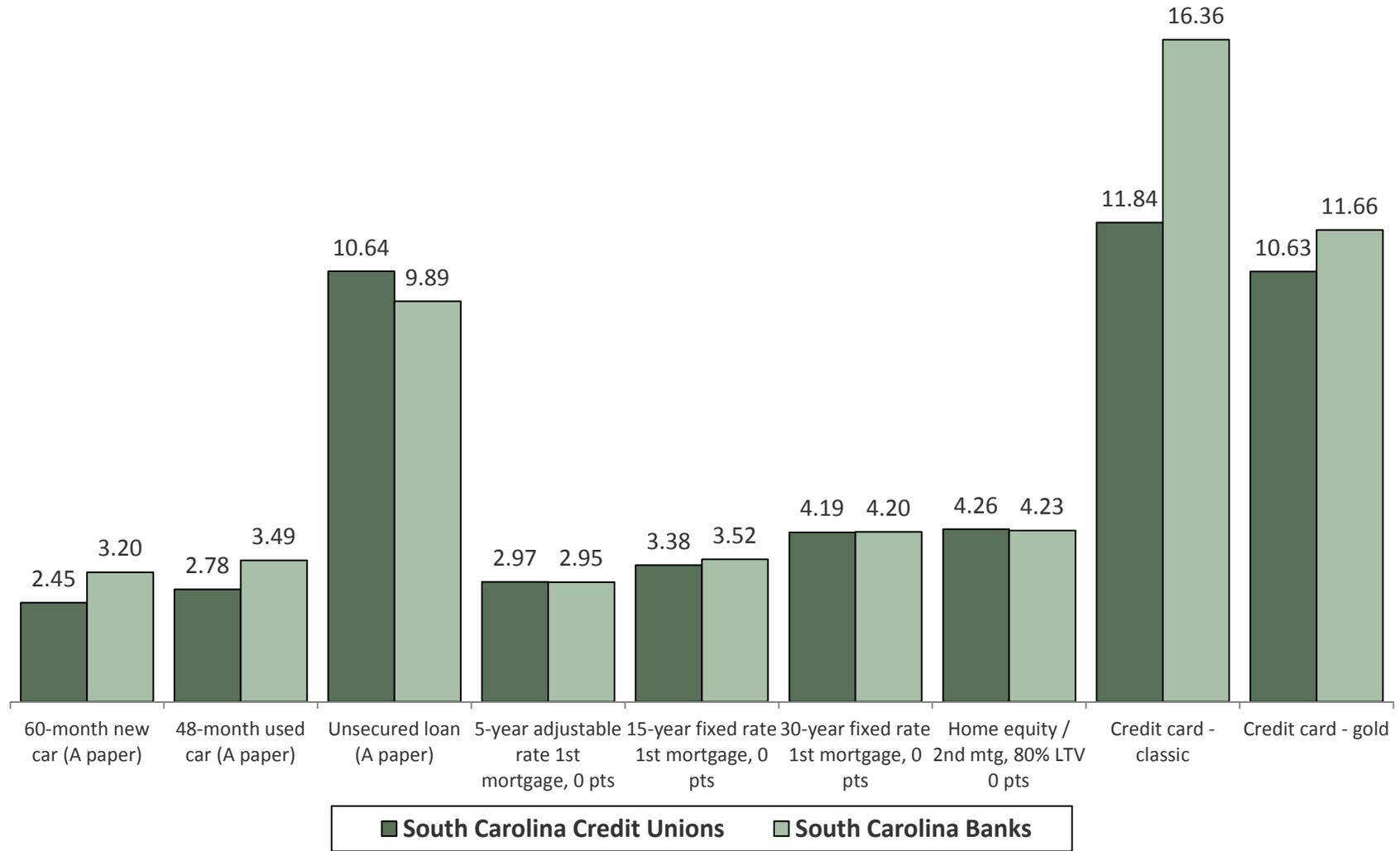
South Carolina credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



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

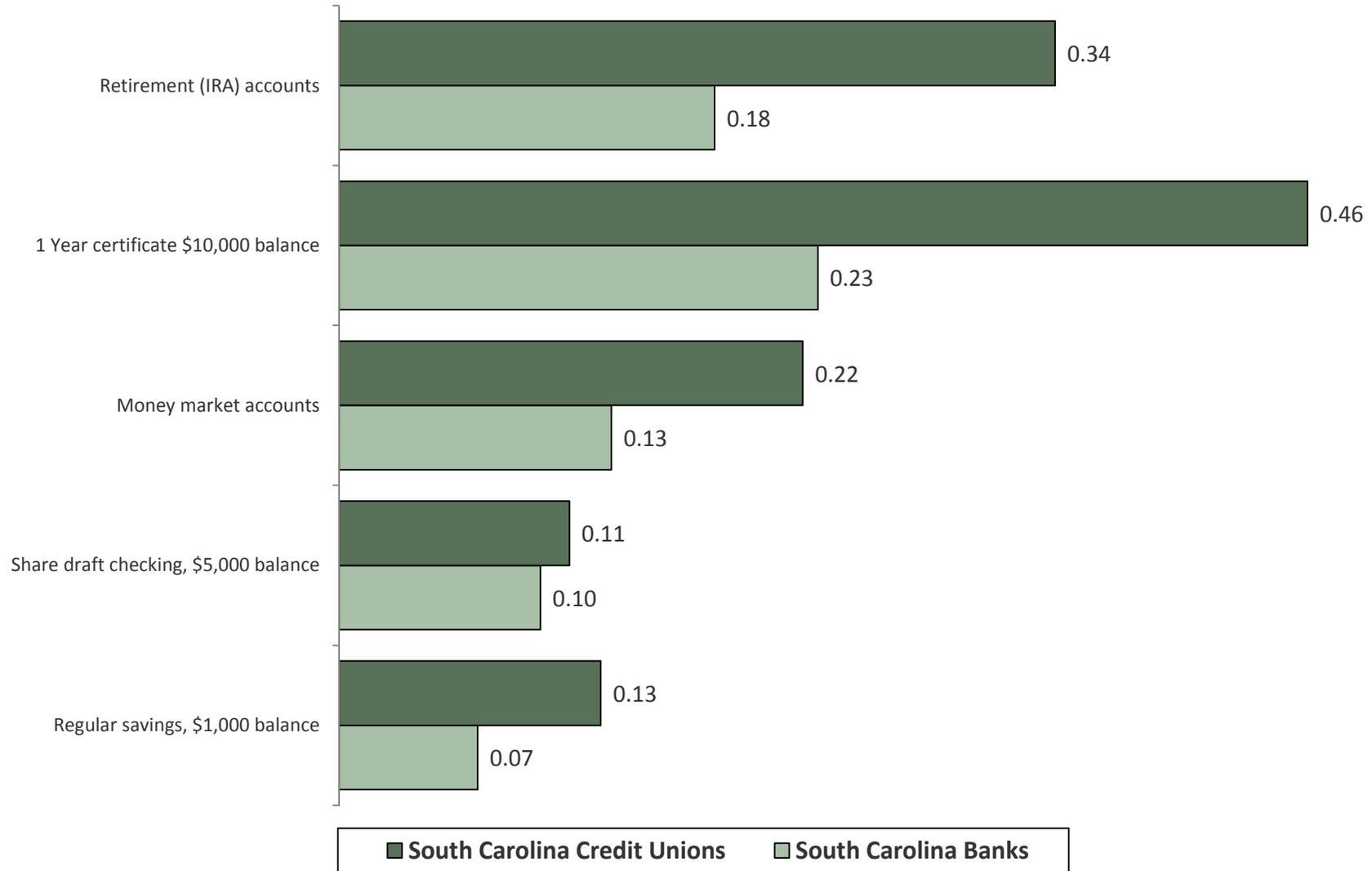
Loan Product Comparative Interest Rates (%)

By Loan Type



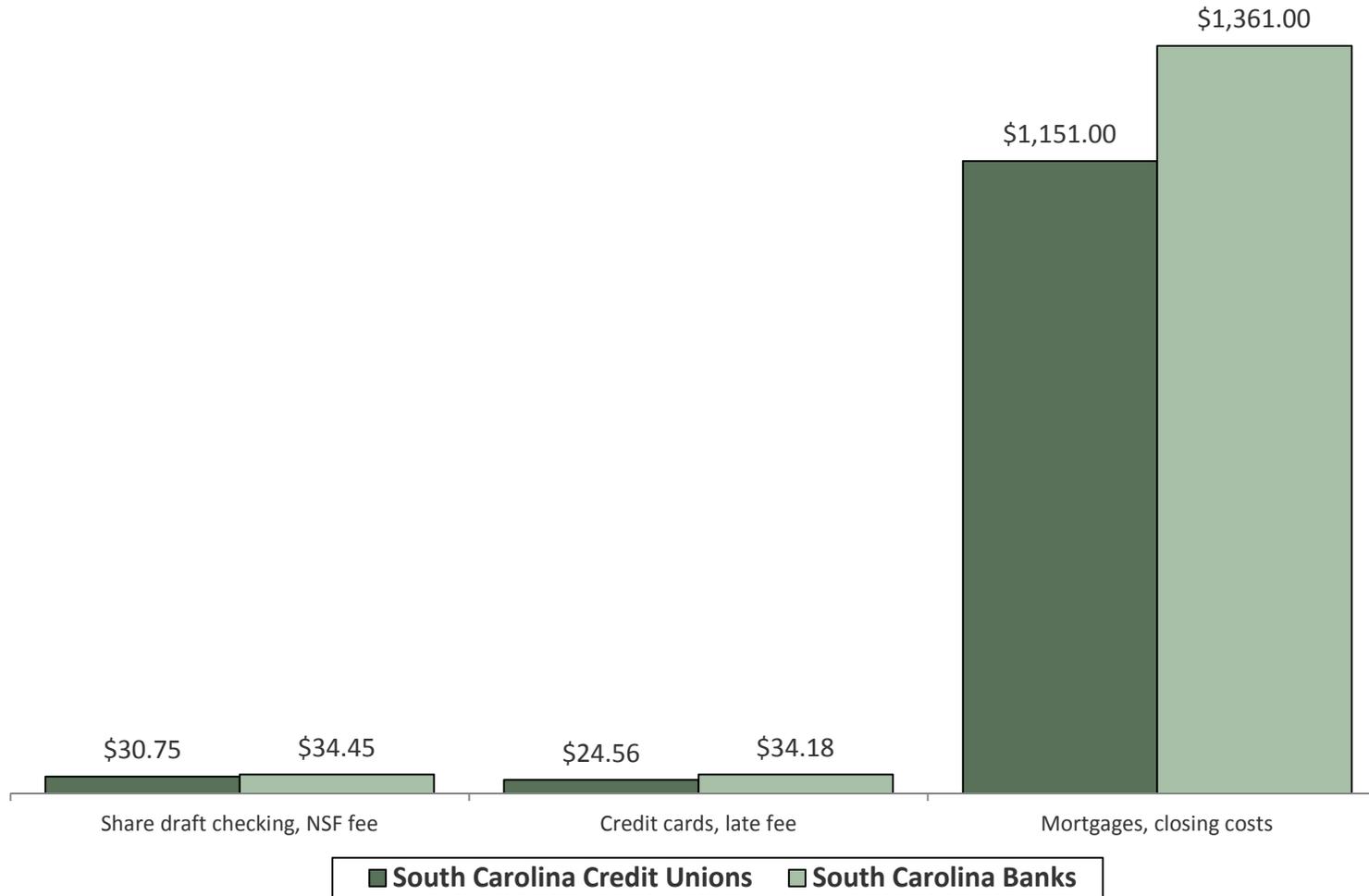
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type

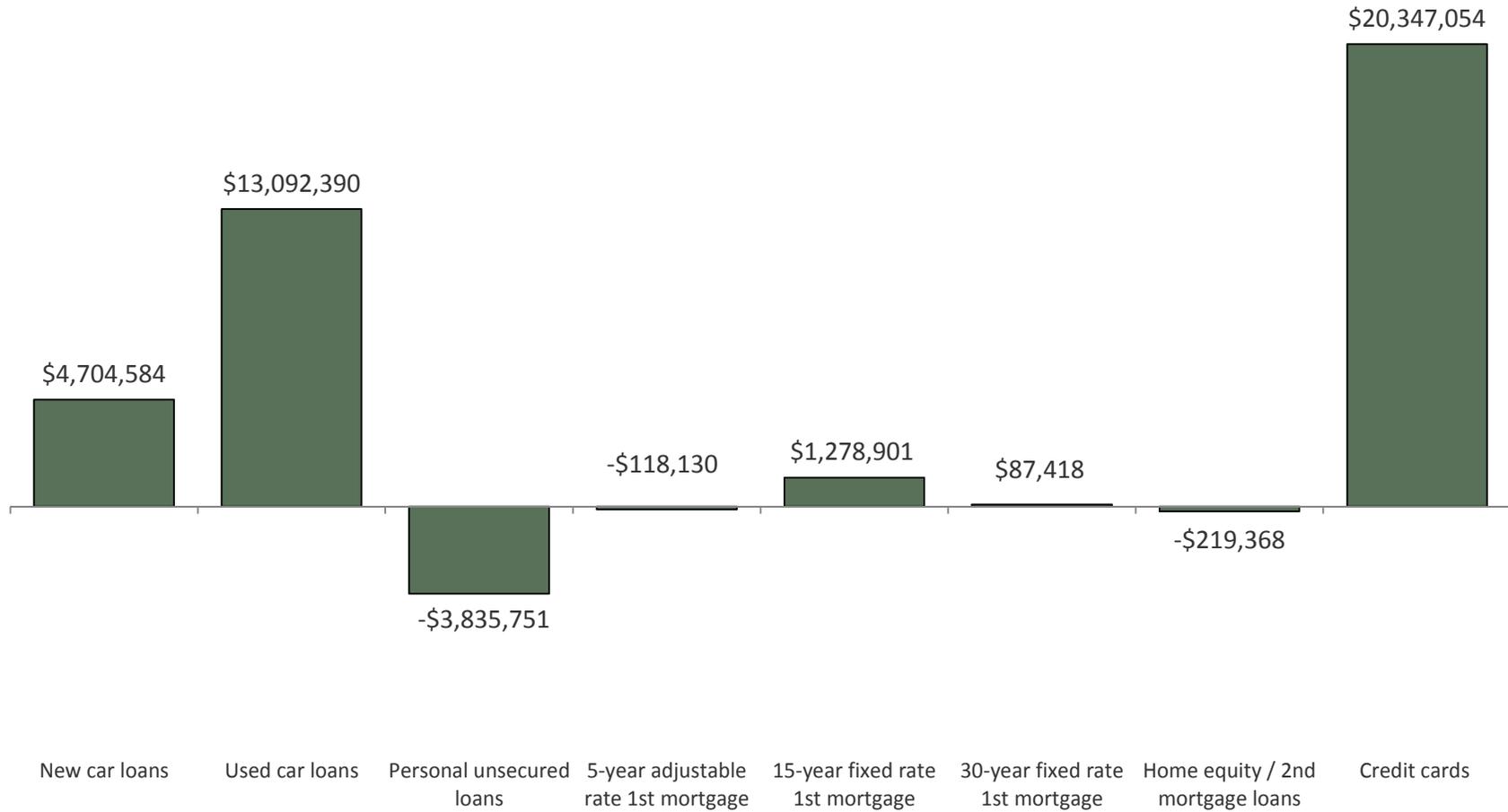


South Carolina
Credit Union and Banking Institution
September 2014 Average Interest Rates and Fees

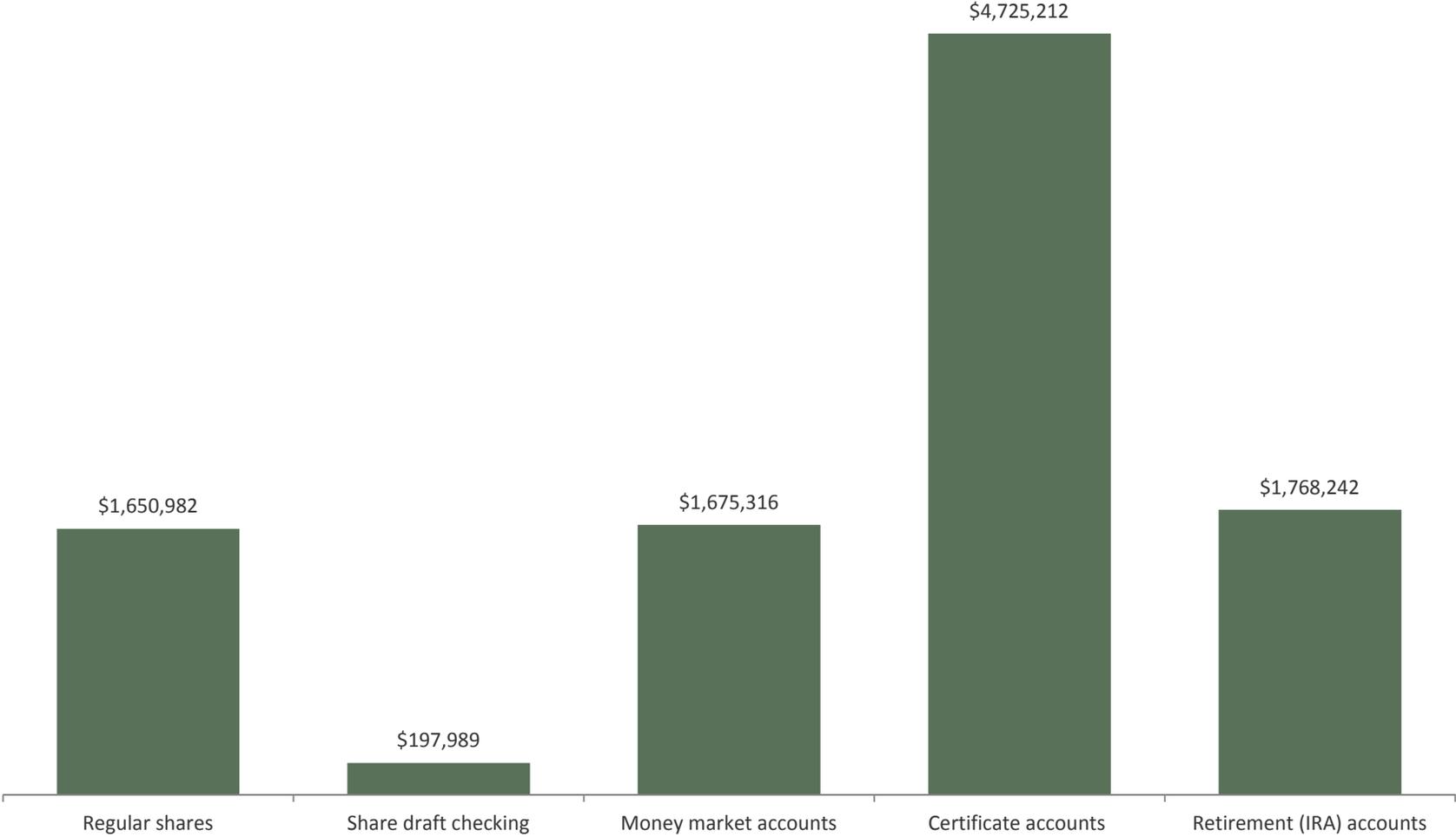
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.45	3.20	-0.75
48-month used car (A paper)	2.78	3.49	-0.72
Unsecured loan (A paper)	10.64	9.89	0.75
5-year adjustable rate 1st mortgage, 0 pts	2.97	2.95	0.01
15-year fixed 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	4.26	4.23	0.03
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	0.13	0.07	0.06
Share draft checking, \$5,000 balance	0.11	0.10	0.01
Money market accounts	0.22	0.13	0.09
1 Year certificate \$10,000 balance	0.46	0.23	0.23
Retirement (IRA) accounts	0.34	0.18	0.16
Fee Income			
Share draft checking, NSF fee	\$30.75	\$34.45	-\$3.70
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 South Carolina Credit Unions September 2014

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. South Carolina Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	628,115,372	-0.75	\$4,704,584
Used car loans	1,831,103,488	-0.72	\$13,092,390
Personal unsecured loans	512,800,886	0.75	-\$3,835,751
5-year adjustable rate 1st mortgage	1,073,910,248	0.01	-\$118,130
15-year fixed rate 1st mortgage	870,000,444	-0.15	\$1,278,901
30-year fixed rate 1st mortgage	582,785,768	-0.02	\$87,418
Home equity / 2nd mortgage loans	707,637,689	0.03	-\$219,368
Credit cards	557,835,603	-4.52	\$20,347,054
Interest rebates in period			\$65,603
Total CU member benefits arising from lower interest rates on loan products:			\$35,402,701
 <u>Savings</u>			
Regular shares	2,808,122,260	0.06	\$1,650,982
Share draft checking	1,428,964,874	0.01	\$197,989
Money market accounts	1,832,376,344	0.09	\$1,675,316
Certificate accounts	2,020,649,975	0.23	\$4,725,212
Retirement (IRA) accounts	1,087,230,050	0.16	\$1,768,242
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$10,017,741
 <u>Fee Income</u>			
Total CU member benefit arising from fewer / lower fees:			\$24,923,817
 Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$70,344,259
 Total CU member benefit / member:			\$49
Total CU member benefit / member household:			\$94

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;

**South Carolina
Performance Profile**

Demographic Information	Sep 14	Sep 13
Number of branches	324	323
Total assets (\$ mil)	11,282	11,005
Total loans (\$ mil)	7,322	6,879
Total surplus funds (\$ mil)	3,248	3,474
Total savings (\$ mil)	9,357	9,165
Total members (thousands)	1,428	1,432
Growth Rates (Trailing 12 months) *		
Total assets	3.0 %	4.0 %
Total loans	7.1 %	5.2 %
Total surplus funds	-6.4 %	1.5 %
Total savings	2.5 %	3.5 %
Total members	0.2 %	1.9 %
Earnings - Basis Pts. *		
Yield on total assets	364	370
Dividend / interest cost of assets	48	65
Fee & other income	224	229
Operating expense	419	430
Loss Provisions	38	33
Net Income (ROA) after stabilization exp	82	71
Capital adequacy		
Net worth / assets	11.9	11.5
Asset quality *		
Delinquencies / loans	0.8	0.8
Net chargeoffs / average loans	0.6	0.6
Total borrower-bankruptcies	19	19
Bankruptcies per 1000 members	0.9	1.0
Asset/Liability Management		
Loans / savings	78.2	75.1
Loans / assets	64.9	62.5
Long-term assets / assets	25.6	24.3
Core deposits/shares & borrowings	46.7	44.1
Productivity		
Members / potential members	8.2	9.5
Borrowers / members	52.3	50.8
Members / FTE	368	374
Average shares / members (\$)	6,551	6,401
Average loan balances (\$)	9,806	9,454
Salary & Benefits / FTE	59,055	58,542

* 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.