

2008 Vermont Business Lending Profile

A recent study by the Small Business Administration finds that bank consolidation has led to a decrease in access to capital for the nation's small businesses.

Member-owned credit unions are a natural choice for business owners faced with these bank consolidation-related pressures. Credit unions are, by definition, locally owned and controlled with local decision-making and a strong service-oriented philosophy.

For many credit unions, however, the current 12.25% member business loan (MBL) limit effectively bars entry into the business lending arena. That's because the startup costs and requirements such as the need to hire experienced lenders exceeds their ability to cover those costs with a small portfolio. Expansion to 20% would thus allow more credit unions to generate the level of income needed to cover startup costs and would expand business lending access to many credit union members.

The MBL provisions in CURIA are not simply an attempt to solve a problem, but also to give flexibility to credit unions that might decide to enter this market in the future.

At year end there were 30 credit unions in Vermont serving 281,631 members (roughly 45% of the state's population).

Total Assets:

<u>Credit Unions</u>	<u>Banking Institutions</u>
\$2.2 Billion	\$9.0 Billion

Average asset size:

<u>Credit Unions</u>	<u>Banking Institutions</u>
\$72.8 Million	\$601.7 Million

Market share of deposits:

<u>Credit Unions</u>	<u>Banking Institutions</u>
15.20%	84.80%

- * 10 Credit Unions in the state have outstanding MBLs
 --- this represents 33% of the 30 credit unions in the state

- * Average MBL granted at Vermont credit unions is: \$185,621

- * Total amount of business lending:

<u>Credit Unions</u>	<u>Banking Institutions</u>
\$68.6 Million	\$1.4 Billion

- * Market share of business lending:

<u>Credit Unions</u>	<u>Banking Institutions</u>
4.69%	95.31%

- * Business loans as a % of assets:

<u>Credit Unions</u>	<u>Banking Institutions</u>
3.14%	15.47%

- * 3 Year Change in Vermont business lending:

	<u>Credit Unions</u>	<u>Banking Institutions</u>
Amt	\$45.8 Million	(-\$1.3 Billion)
%	200.0%	-47.4%



Source: All financial data is December 2008. Population taken from Census Bureau Estimates for July 2008. Credit union data is from NCUA. Bank data is from FDIC.
Produced by CUNA's Economics & Statistics Department.