

The Benefits of Membership

Customized Analysis of Member Benefits For:

Florida

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Prepared by:

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About The Membership Benefits Report

The Membership Benefits report communicates the financial value of credit union membership to credit union staff, members, potential members, community leaders and policy makers. The report compares credit union dividend rates, loan rates, and fees to those of banking institutions in the state¹. It combines those comparisons with the state call report data to develop an overall estimate of the annual financial benefits provided to members.

It is important to remember that the report gives a *conservative* estimate of benefits. For example, it does not consider non-financial benefits such as access to a large ATM network, financial counseling, or auto buying services.

When interpreting the report, remember that any benefit above \$0 means credit unions are delivering financial benefits compared to the average banking institution.

Not all credit unions will deliver lofty financial benefits. Greater financial benefits tend to be found among credit unions that offer a greater variety of services and those with lower operating expense ratios (i.e., higher economies of scale). On the other hand, higher operating expense ratios tend to be associated with other non-financial benefits, such as personalized “high-touch” services.

The report measures benefits at one distinct point in time. Operational and strategic decisions – building new branches, expanding fields of membership, introducing new products – will undoubtedly be reflected in credit union pricing decisions (and estimated benefit levels).

¹ The source for banking institution interest rate and fee data is Datatrac. Datatrac is the nation’s leading rate survey firm and tracks interest rates at over 15,000 institutions nationally.

Florida

The Benefits of Membership

Credit unions generally provide financial benefits to members through lower loan rates, high saving rates, and fewer fees than banking institutions.

The Credit Union National Association (CUNA) estimates that Florida credit unions provided \$598,388,147 in direct financial benefits to the state's 4,529,392 members during the twelve months ending December 2008.

These benefits are equivalent to \$132 per member or \$251 per member household ⁽¹⁾.

The per-member and per-household benefits delivered by Florida 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 Florida credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Florida credit union will save members an average \$254 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.

Florida credit unions excel in providing member benefits on many loan and saving products. In particular, Florida credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-adjustable rate, home equity loans, credit cards loans.

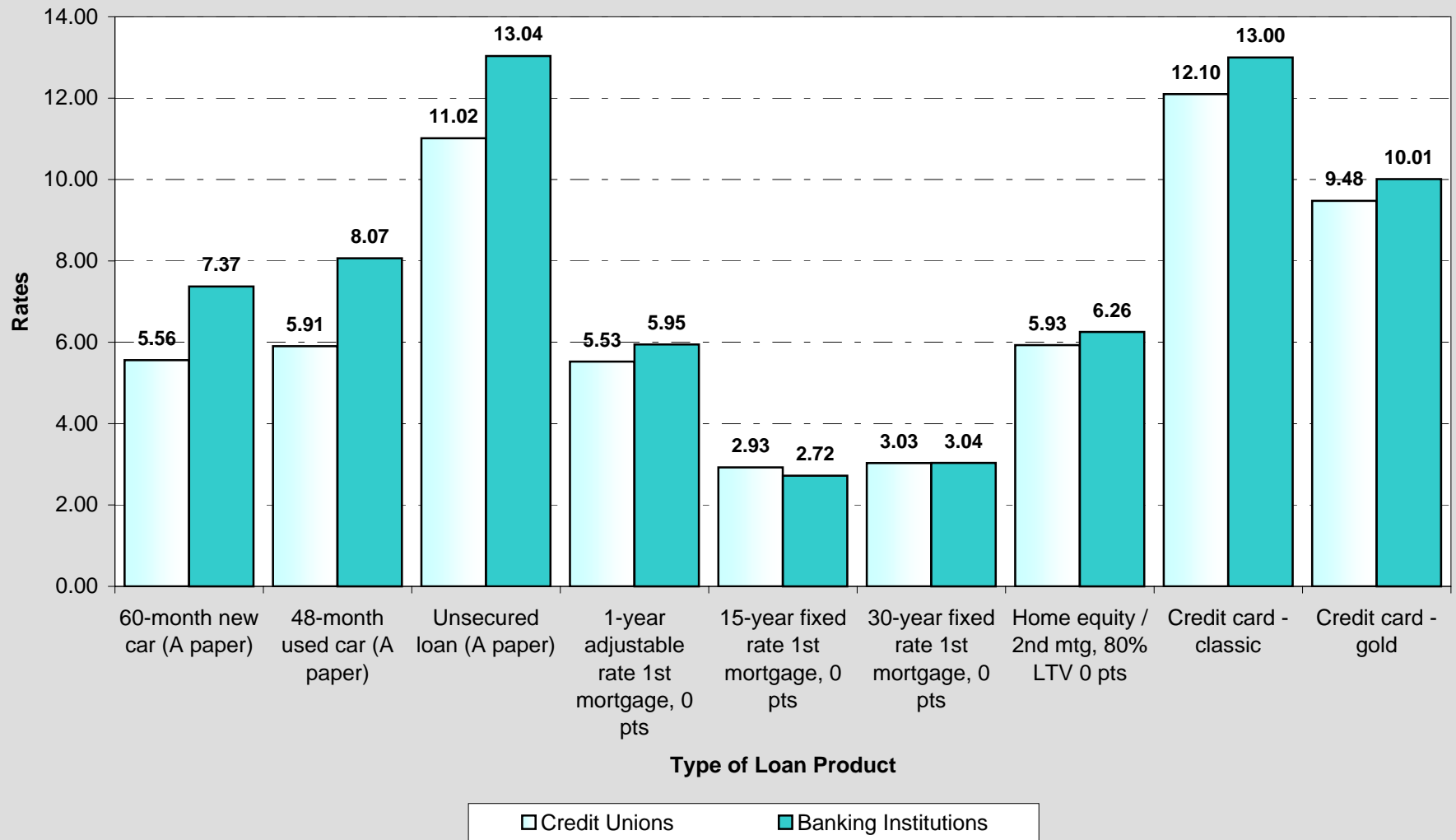
Florida credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



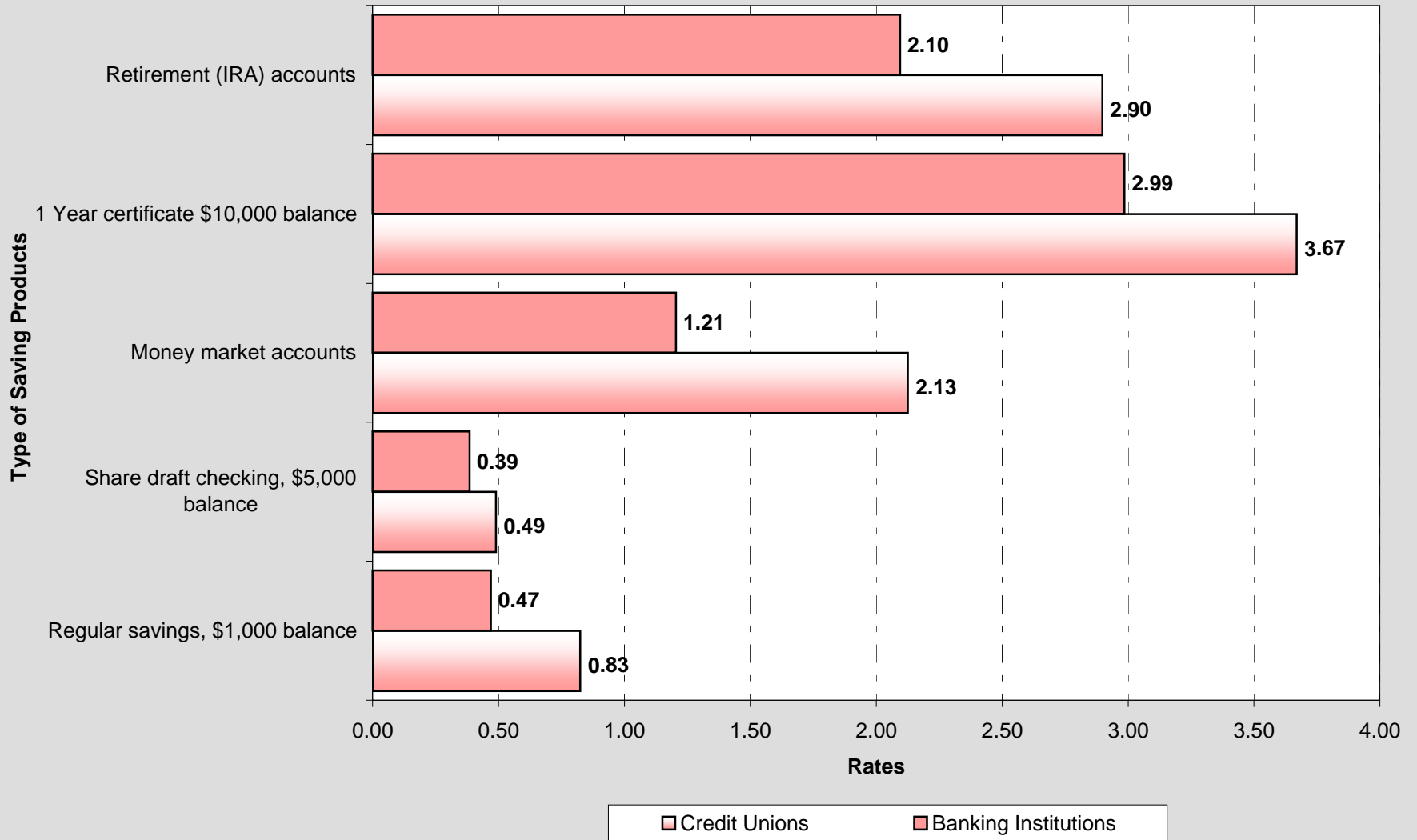
Source: Datatrac, NCUA, and CUNA.

(1)Assumes 1.9 credit union members per household.

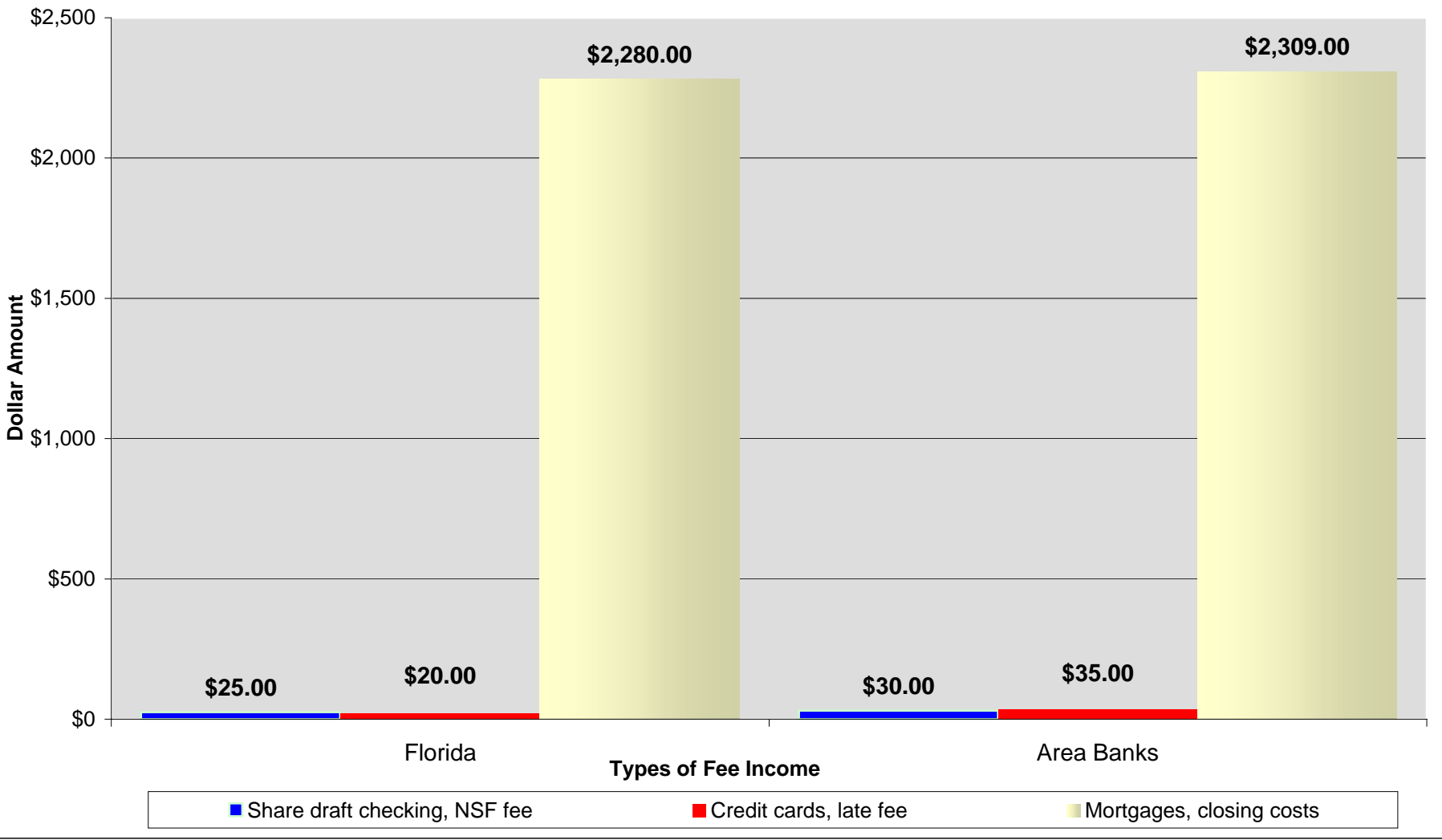
Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



Recent Comparative Interest Rates for Credit Unions Saving Products Credit Unions vs. Banking Institutions



Selected 2008 Credit Union Fees compared to Banking Institutions

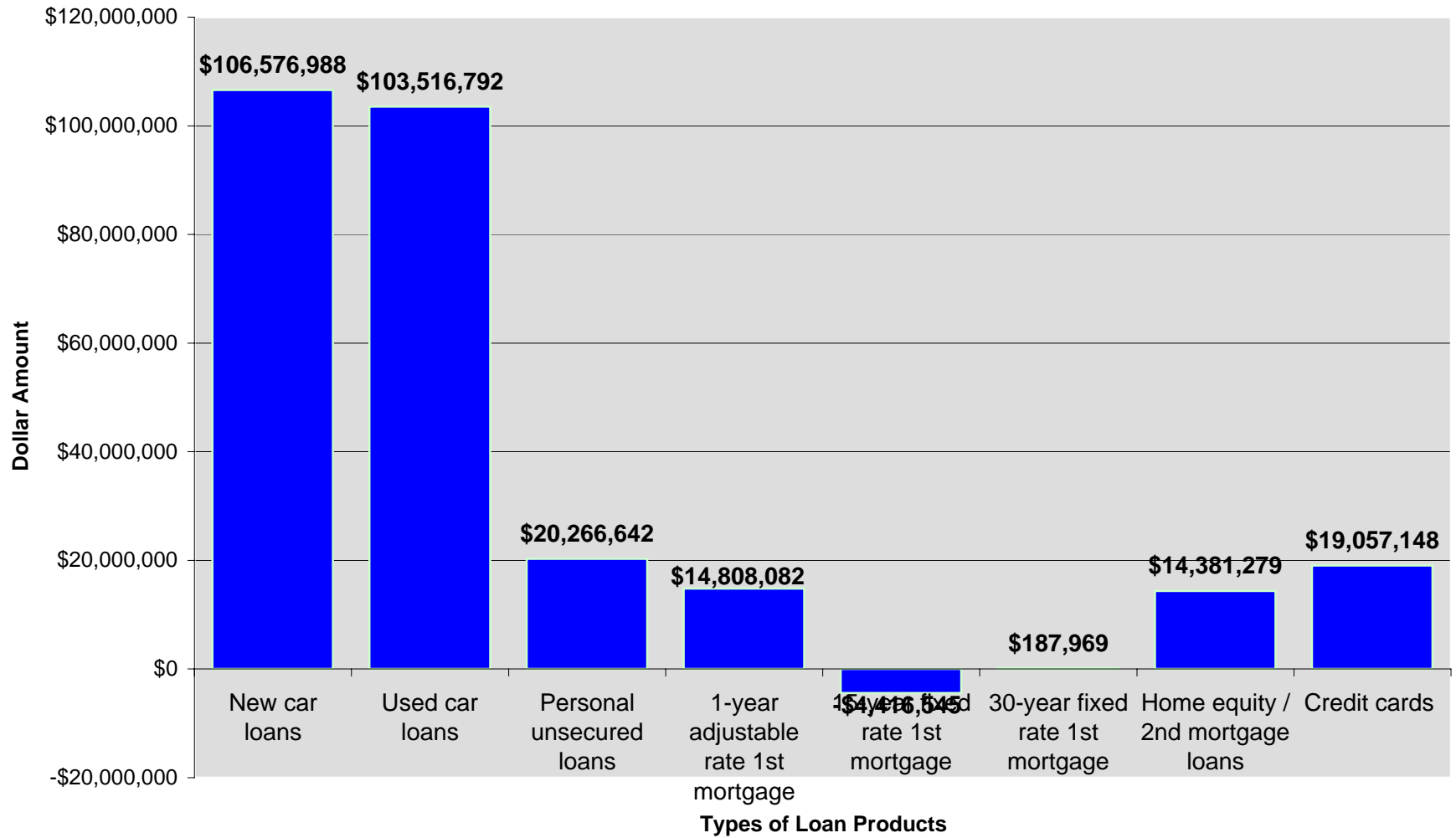


Florida
Credit Union and Banking Institution
2008 Average Interest Rates and Fees

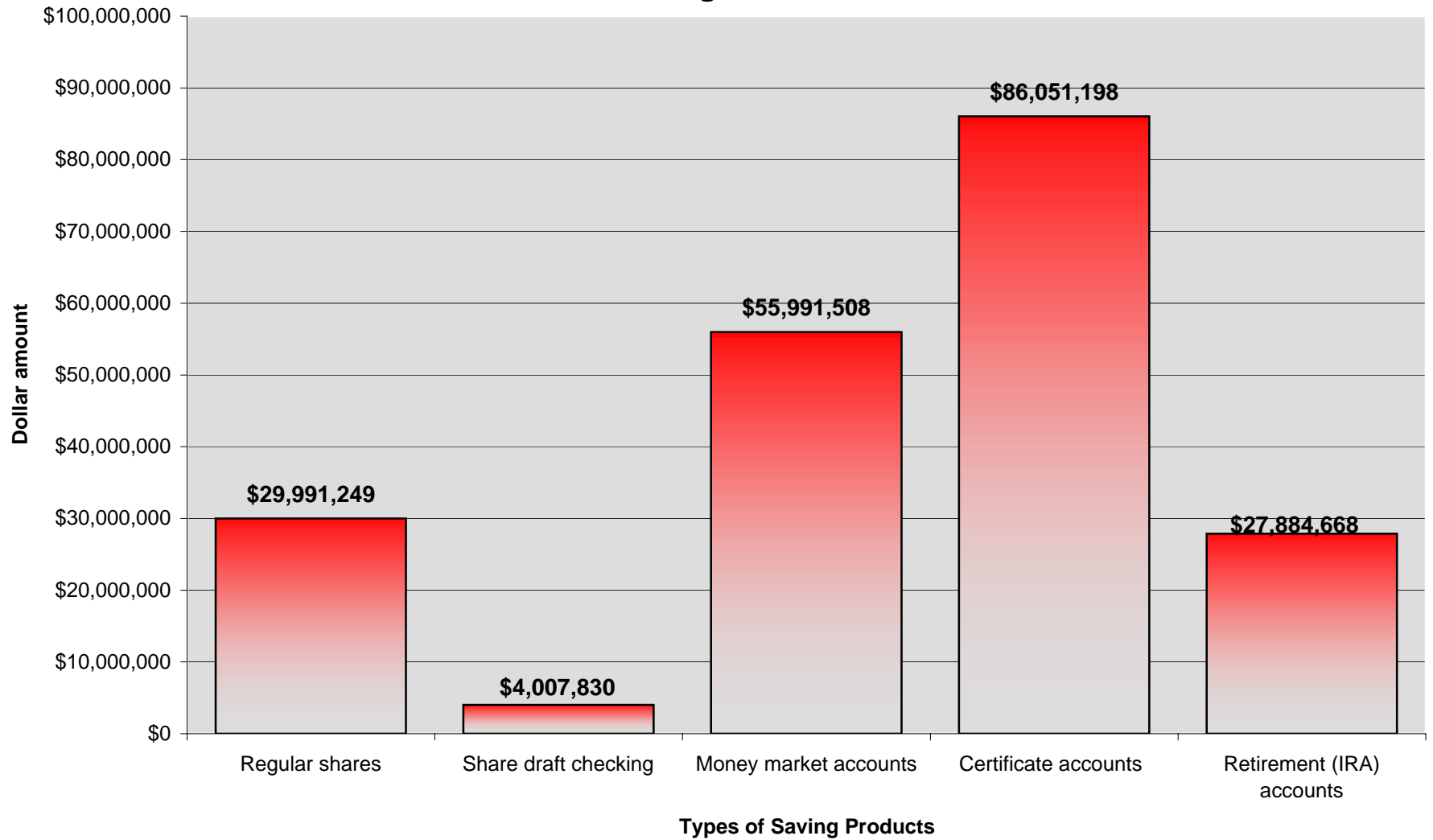
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	5.56	7.37	-1.81
48-month used car (A paper)	5.91	8.07	-2.16
Unsecured loan (A paper)	11.02	13.04	-2.02
1-year adjustable rate 1st mortgage, 0 pts	5.53	5.95	-0.42
15-year fixed rate 1st mortgage, 0 pts	2.93	2.72	0.21
30-year fixed rate 1st mortgage, 0 pts	3.03	3.04	-0.01
Home equity / 2nd mtg, 80% LTV 0 pts	5.93	6.26	-0.33
Credit card - classic	12.10	13.00	-0.90
Credit card - gold	9.48	10.01	-0.54
Savings Products			
Regular savings, \$1,000 balance	0.83	0.47	0.36
Share draft checking, \$5,000 balance	0.49	0.39	0.11
Money market accounts	2.13	1.21	0.92
1 Year certificate \$10,000 balance	3.67	2.99	0.69
Retirement (IRA) accounts	2.90	2.10	0.80
Fee Income			
Share draft checking, NSF fee	\$25.00	\$30.00	-\$5.00
Credit cards, late fee	\$20.00	\$35.00	-\$15.00
Mortgages, closing costs	\$2,280.00	\$2,309.00	-\$29.00

Source: Datatrac

Estimated Credit Union Loan Rate Benefits vs. Banking Institutions



Estimated Credit Union Savings Dividend Benefits vs. Banking Institutions



Estimated Florida Credit Unions Financial Benefits 2008

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Florida Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	5,888,231,363	-1.81	\$106,576,988
Used car loans	4,792,444,081	-2.16	\$103,516,792
Personal unsecured loans	1,003,299,102	-2.02	\$20,266,642
1-year adjustable rate 1st mortgage	3,525,733,774	-0.42	\$14,808,082
15-year fixed rate 1st mortgage	2,154,412,004	0.21	-\$4,416,545
30-year fixed rate 1st mortgage	3,759,379,026	-0.01	\$187,969
Home equity / 2nd mortgage loans	4,425,008,784	-0.33	\$14,381,279
Credit cards	2,356,370,732	-0.90	\$19,057,148
Interest rebates in period			\$22,500
Total CU member benefits arising from lower interest rates on loan products:			\$274,400,855
<u>Savings</u>			
Regular shares	8,448,239,064	0.36	\$29,991,249
Share draft checking	3,816,980,665	0.11	\$4,007,830
Money market accounts	6,086,033,429	0.92	\$55,991,508
Certificate accounts	12,562,218,726	0.69	\$86,051,198
Retirement (IRA) accounts	3,474,724,994	0.80	\$27,884,668
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$203,926,452
<u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$120,060,840
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$598,388,147
Total CU member benefit / member:			\$132
Total CU member benefit / member household:			\$251

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of year-end 2007 and year-end 2008, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Florida
Performance Profile

Demographic Information	Dec-08	Dec-07
Number of branches	944	912
Total assets (\$ mil)	41,575	41,026
Total loans (\$ mil)	29,336	29,064
Total surplus funds (\$ mil)	10,463	10,161
Total savings (\$ mil)	34,937	35,044
Total members (thousands)	4,550	4,550
Growth Rates		
Total assets	1.8 %	4.4 %
Total loans	1.4 %	7.2 %
Total surplus funds	3.4 %	-3.4 %
Total savings	0.1 %	4.7 %
Total members	0.9 %	2.0 %
Earnings - Basis Pts.		
Yield on total assets	563	589
- Dividend/interest cost of assets	250	291
+ Fee & other income	180	166
- Operating expense	358	358
- Loss Provisions	163	63
= Net Income (ROA)	-29	43
Capital adequacy		
Net worth / assets	10.6	11.1
Asset quality		
Delinquencies / loans	2.1	1.4
Net chargeoffs / average loans	1.6	0.6
Total borrower-bankruptcies	76	35
Bankruptcies per 1000 members	3.1	1.5
Asset/Liability Management		
Loans / savings	84.0	82.9
Loans / assets	70.6	70.8
Long-term assets / assets	29.8	27.1
Core deposits/shares & borrowings	34.7	34.0
Productivity		
Members/potential members	4.0	4.2
Borrowers/members	50.8	51.1
Members/FTE	339	336
Average shares/members (\$)	7,678	7,702
Average loan balances (\$)	12,687	12,513
Salary & Benefits/FTE	53,464	51,889