

The Benefits of Membership

Customized Analysis of Member Benefits For:

Louisiana

September 2009

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.

Louisiana

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 Louisiana credit unions provided \$67,753,870 in direct financial benefits to the state's 1,146,798 members during the twelve months ending September 2009.

These benefits are equivalent to \$90 per member or \$172 per member household ⁽¹⁾.

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

Consider this:

Financing a \$25,000 new automobile for 60 months at a Louisiana credit union will save members an average \$206 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.

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

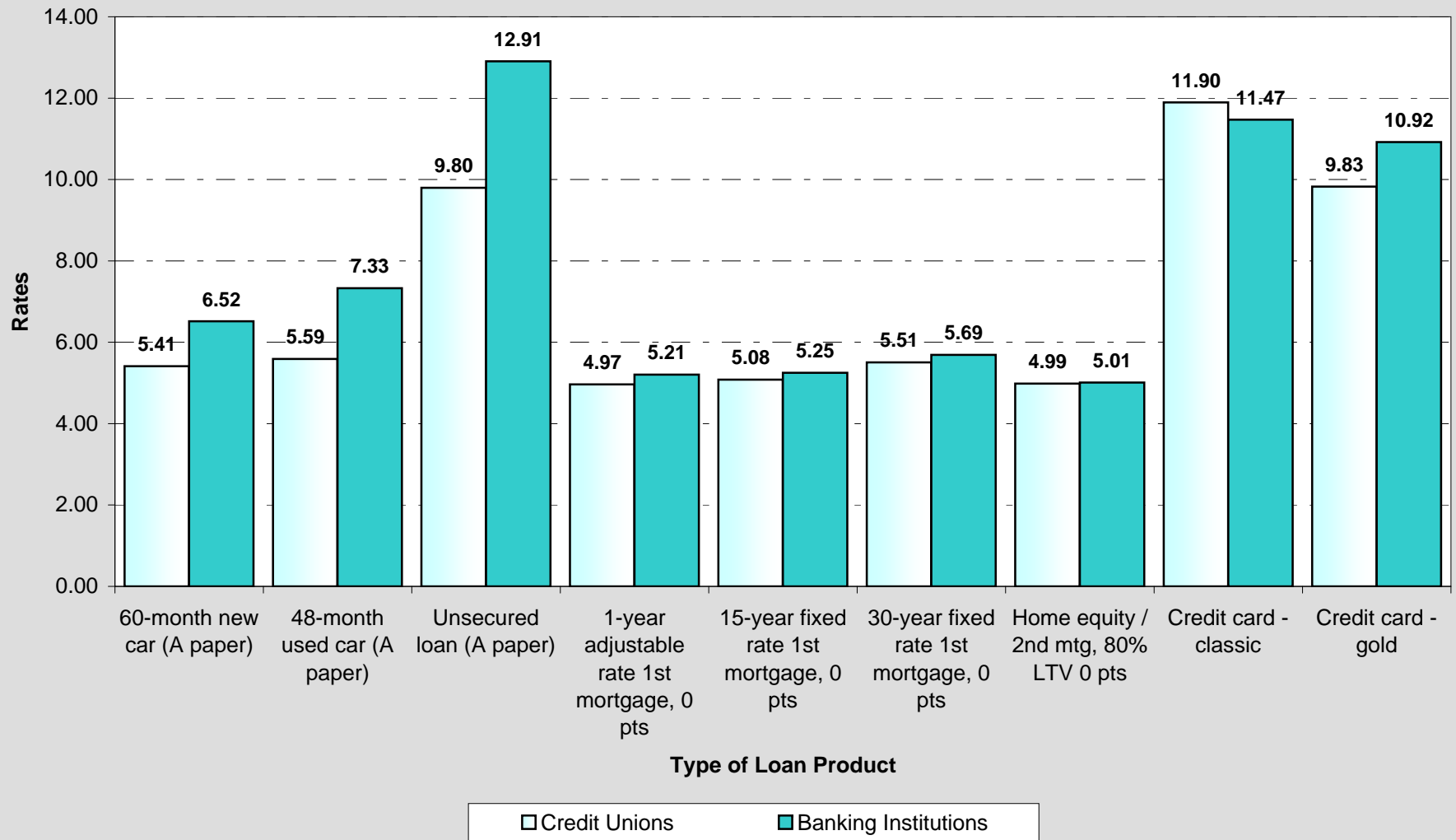
Louisiana credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



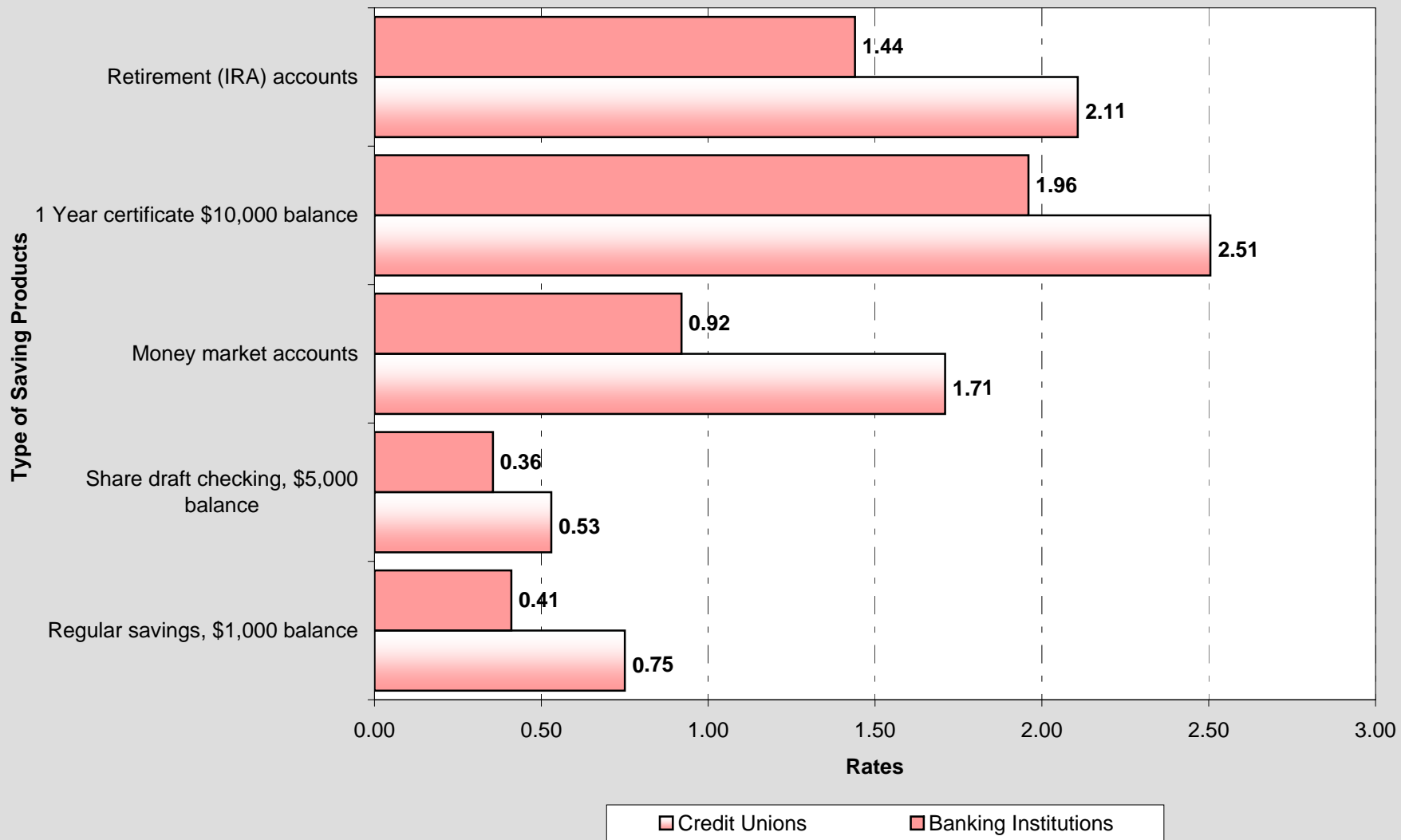
Source: Datatrac, NCUA, and CUNA.

(1) Assumes 1.9 credit union members per household.

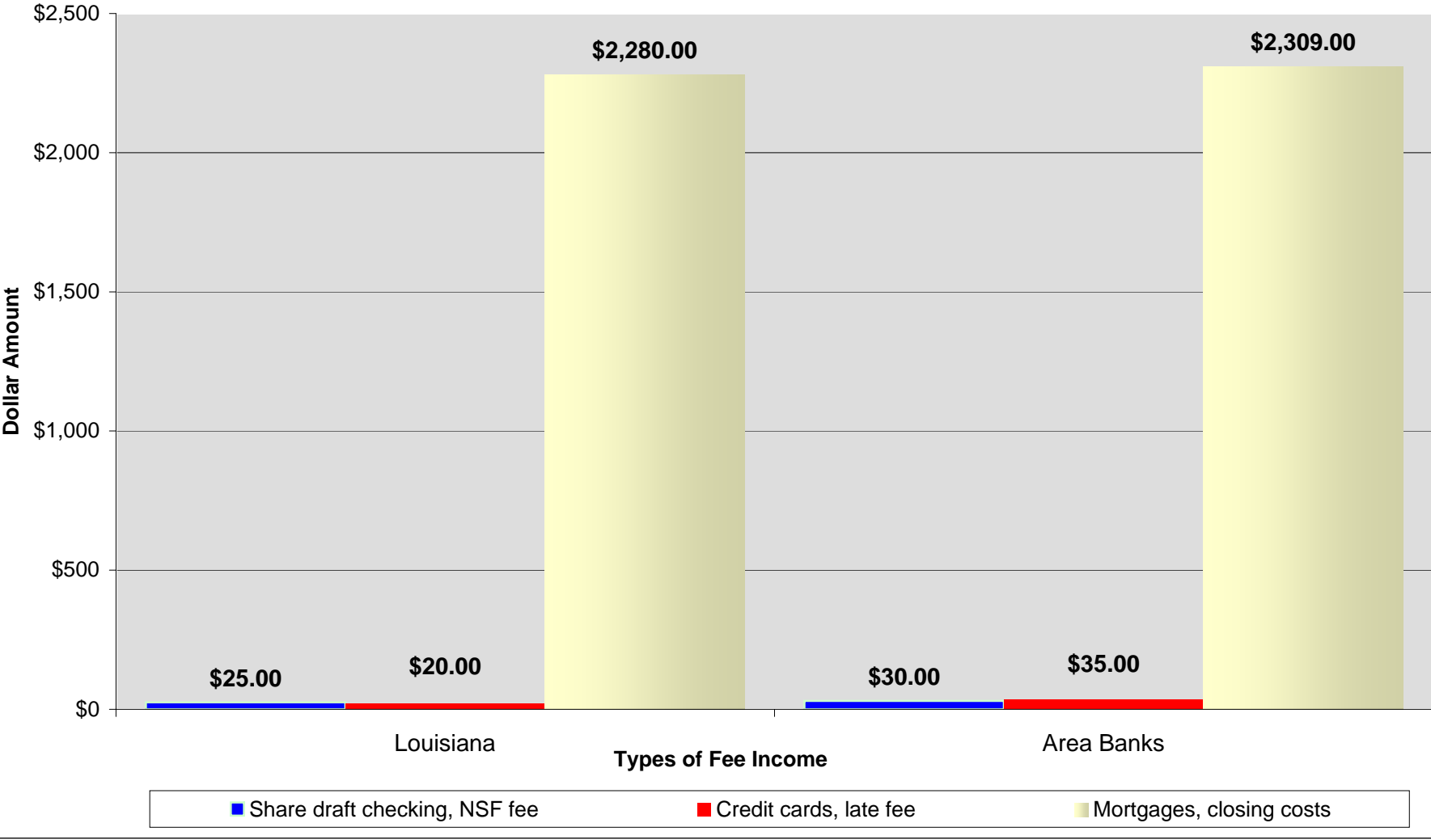
Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



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



Selected Third Quarter 2009 Credit Union Fees compared to Banking Institutions

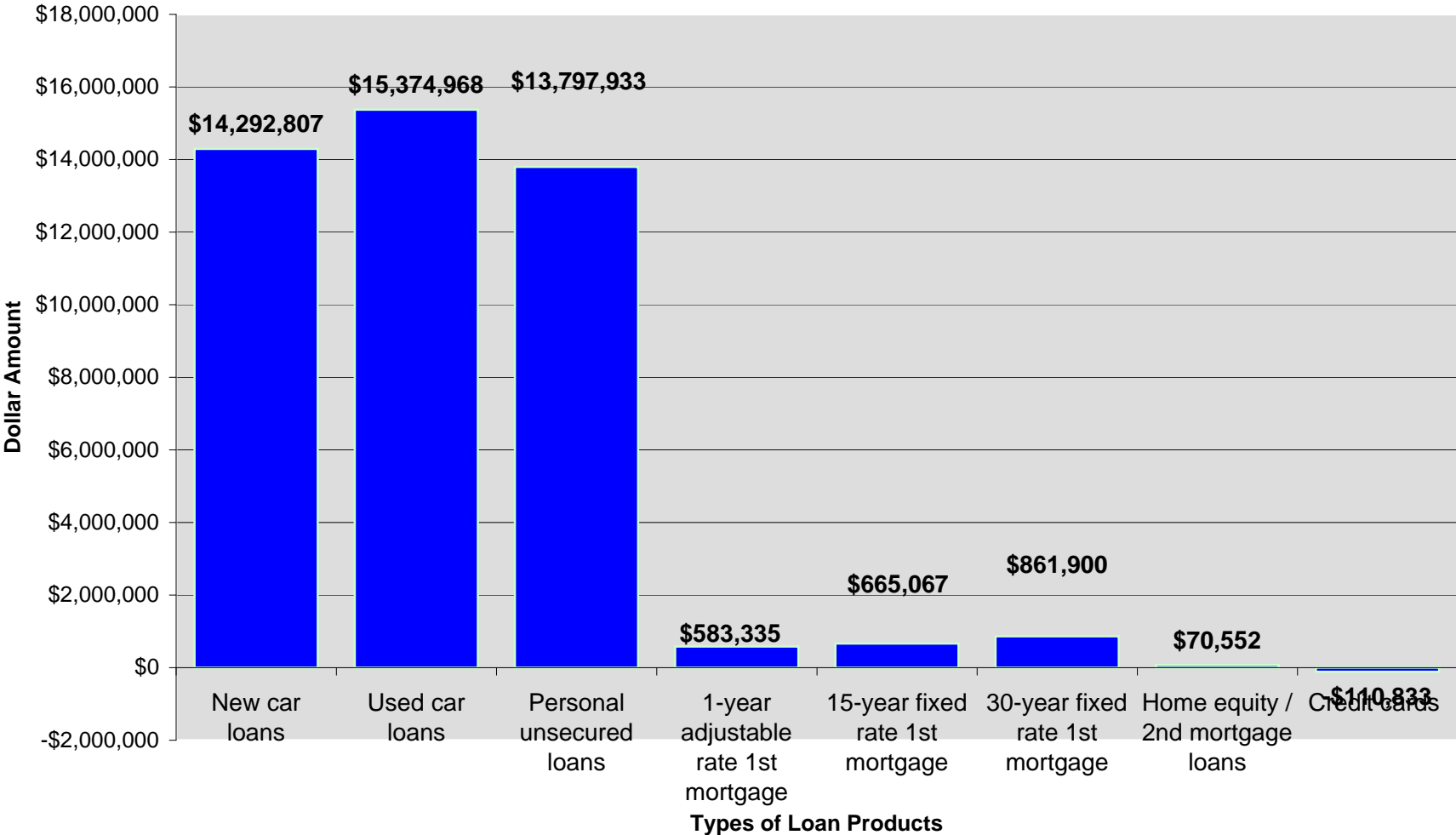


Louisiana
Credit Union and Banking Instituion
Third Quarter 2009 Average Interest Rates and Fees

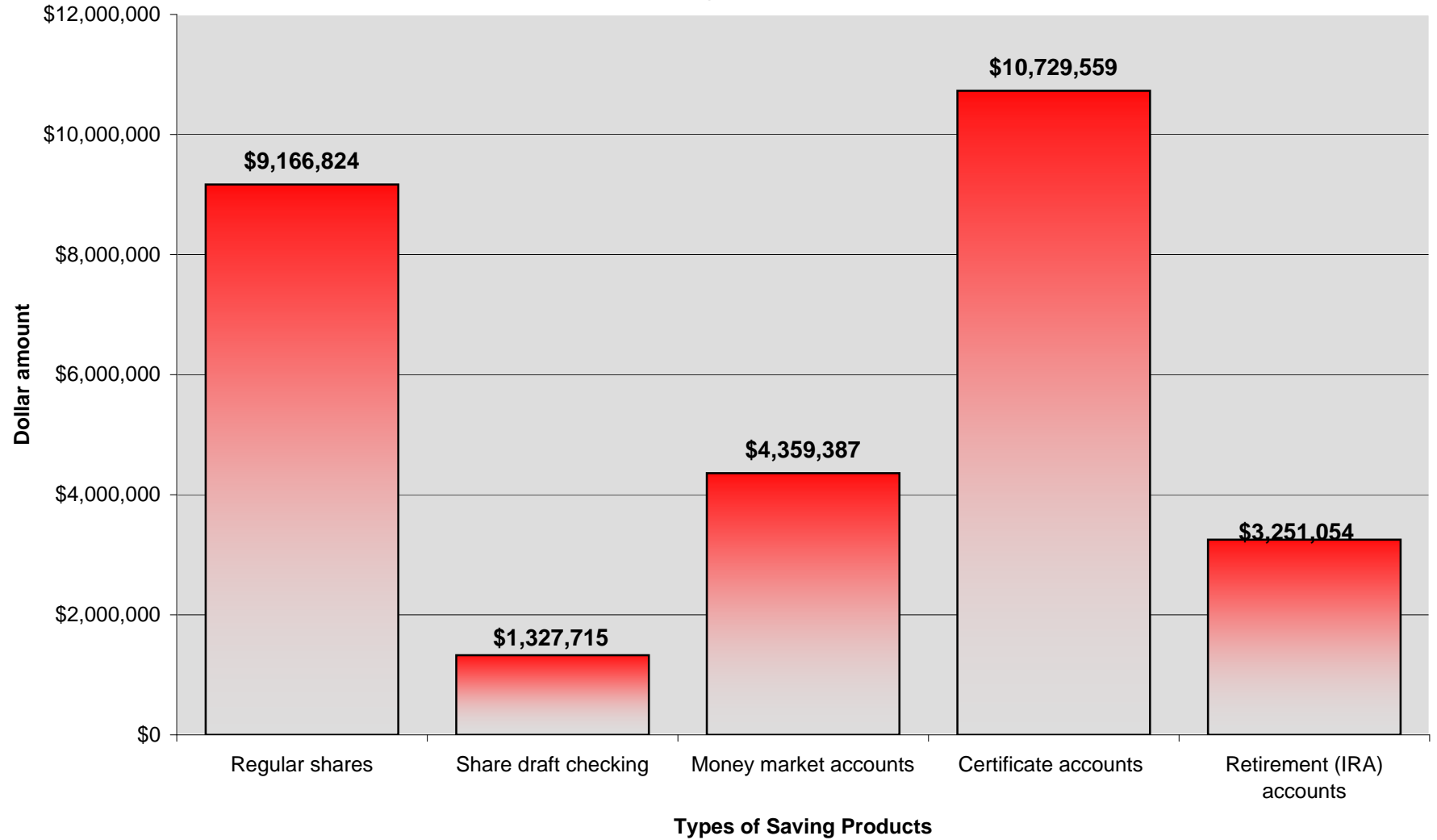
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	5.41	6.52	-1.11
48-month used car (A paper)	5.59	7.33	-1.74
Unsecured loan (A paper)	9.80	12.91	-3.11
1-year adjustable rate 1st mortgage, 0 pts	4.97	5.21	-0.24
15-year fixed rate 1st mortgage, 0 pts	5.08	5.25	-0.17
30-year fixed rate 1st mortgage, 0 pts	5.51	5.69	-0.19
Home equity / 2nd mtg, 80% LTV 0 pts	4.99	5.01	-0.02
Credit card - classic	11.90	11.47	0.42
Credit card - gold	9.83	10.92	-1.10
Savings Products			
Regular savings, \$1,000 balance	0.75	0.41	0.34
Share draft checking, \$5,000 balance	0.53	0.36	0.18
Money market accounts	1.71	0.92	0.79
1 Year certificate \$10,000 balance	2.51	1.96	0.55
Retirement (IRA) accounts	2.11	1.44	0.67
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 Louisiana Credit Unions Financial Benefits Third Quarter 2009

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Louisiana Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,293,466,704	-1.11	\$14,292,807
Used car loans	883,618,860	-1.74	\$15,374,968
Personal unsecured loans	443,663,440	-3.11	\$13,797,933
1-year adjustable rate 1st mortgage	243,056,203	-0.24	\$583,335
15-year fixed rate 1st mortgage	391,215,603	-0.17	\$665,067
30-year fixed rate 1st mortgage	465,892,087	-0.19	\$861,900
Home equity / 2nd mortgage loans	282,206,050	-0.02	\$70,552
Credit cards	246,294,645	0.42	-\$110,833
Interest rebates in period			\$31,540
Total CU member benefits arising from lower interest rates on loan products:			\$45,567,269
<u>Savings</u>			
Regular shares	2,696,124,640	0.34	\$9,166,824
Share draft checking	758,694,071	0.18	\$1,327,715
Money market accounts	551,821,155	0.79	\$4,359,387
Certificate accounts	1,968,726,449	0.55	\$10,729,559
Retirement (IRA) accounts	487,049,312	0.67	\$3,251,054
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$28,834,539
<u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$22,596,811
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$96,998,619
Total CU member benefit / member:			\$85
Total CU member benefit / member household:			\$161

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;

**Louisiana
Performance Profile**

Demographic Information	Sep-09	Sep-08
Number of branches	439	432
Total assets (\$ mil)	8,085	7,209
Total loans (\$ mil)	4,902	4,461
Total surplus funds (\$ mil)	2,828	2,422
Total savings (\$ mil)	6,964	6,182
Total members (thousands)	1,165	1,140
Growth Rates (Year-to-date)		
Total assets	11.6 %	7.4 %
Total loans	8.2 %	5.2 %
Total surplus funds	18.7 %	12.2 %
Total savings	12.0 %	7.4 %
Total members	2.6 %	2.3 %
Earnings - Basis Pts.		
Yield on total assets	523	575
Dividend/interest cost of assets	162	205
Fee & other income *	235	186
Operating expense	419	441
Loss Provisions	54	34
Net Income (ROA) after stabilization exp *	60	80
Capital adequacy		
Net worth / assets	12.2	13.2
Asset quality		
Delinquencies / loans	1.4	1.2
Net chargeoffs / average loans	0.7	0.5
Total borrower-bankruptcies	10	8
Bankruptcies per 1000 members	1.9	1.7
Asset/Liability Management		
Loans / savings	70.4	72.2
Loans / assets	60.6	61.9
Long-term assets / assets	20.8	21.4
Core deposits/shares & borrowings	50.7	54.4
Productivity		
Members/potential members	11.5	11.2
Borrowers/members	46.1	44.9
Members/FTE	342	343
Average shares/members (\$)	5,977	5,423
Average loan balances (\$)	9,135	8,718
Salary & Benefits/FTE	46,357	45,400

***Credit unions did not uniformly report stabilization expenses or reversals of the expense. Therefore, some income and expense ratios are not comparable to previous periods. Use extreme caution when coming to conclusions from this data.**