

The Benefits of Membership

Customized Analysis of Member Benefits For:

New Jersey

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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.

New Jersey

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 New Jersey credit unions provided \$71,812,460 in direct financial benefits to the state's 1,133,646 members during the twelve months ending December 2008.

These benefits are equivalent to \$63 per member or \$120 per member household ⁽¹⁾.

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

Consider this:

Financing a \$25,000 new automobile for 60 months at a New Jersey credit union will save members an average \$138 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.

New Jersey credit unions excel in providing member benefits on many loan and saving products. In particular, New Jersey 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.

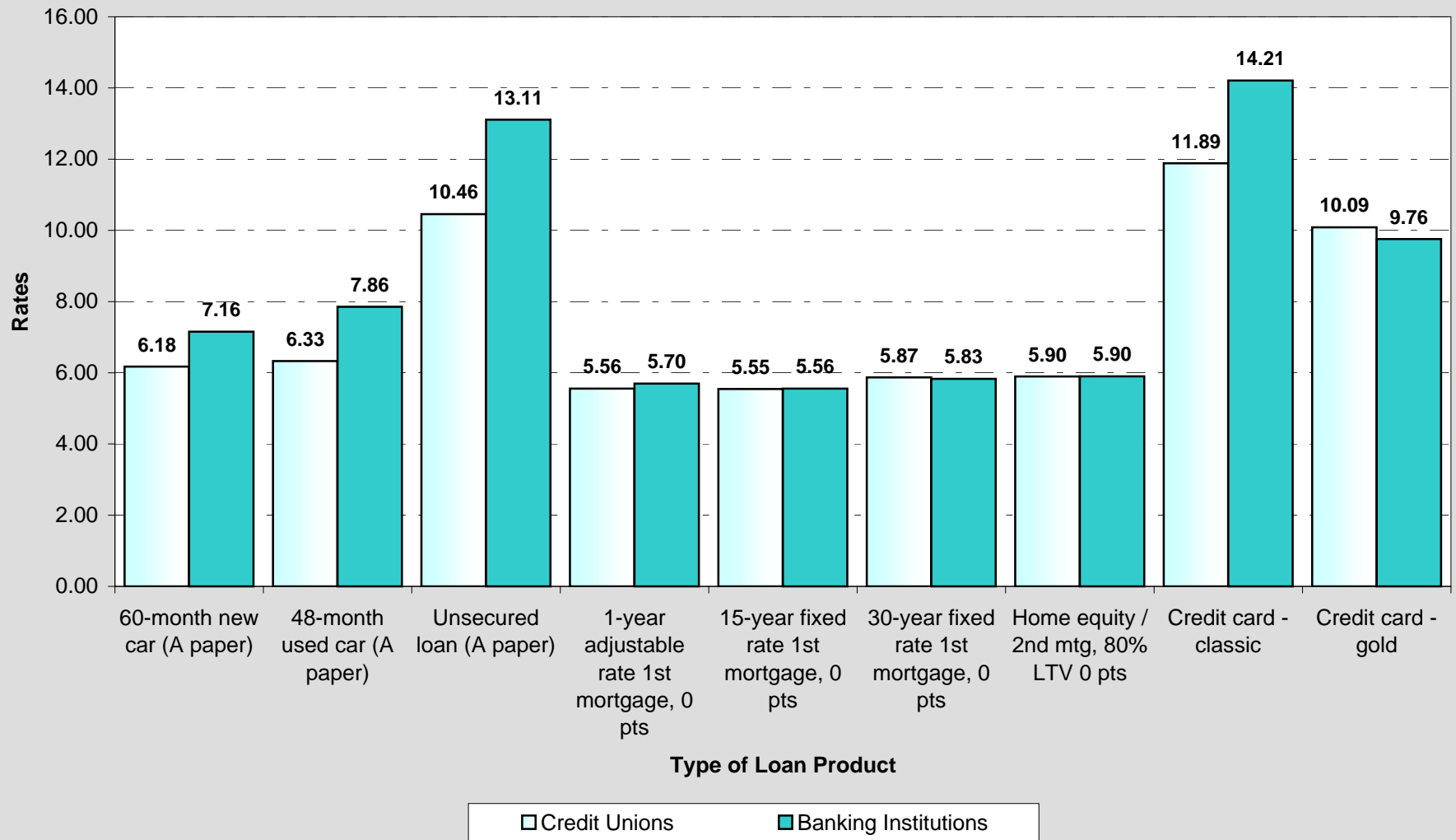
New Jersey credit unions also pay members higher average dividends on the following accounts: regular savings, money market accounts, certificate accounts, IRAs.



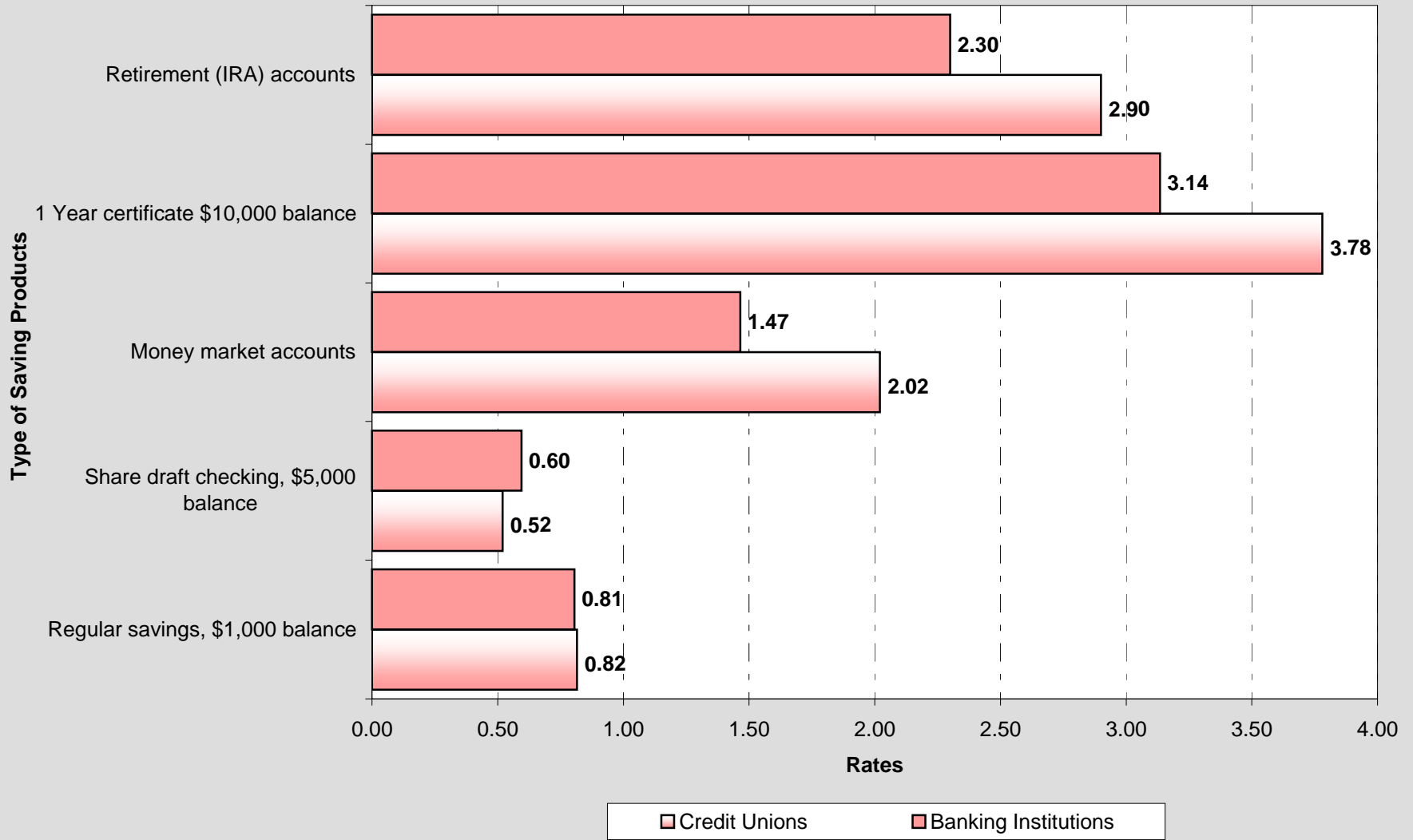
Source: Datatrac, NCUA, and CUNA.

(1) Assumes 1.9 credit union members per household.

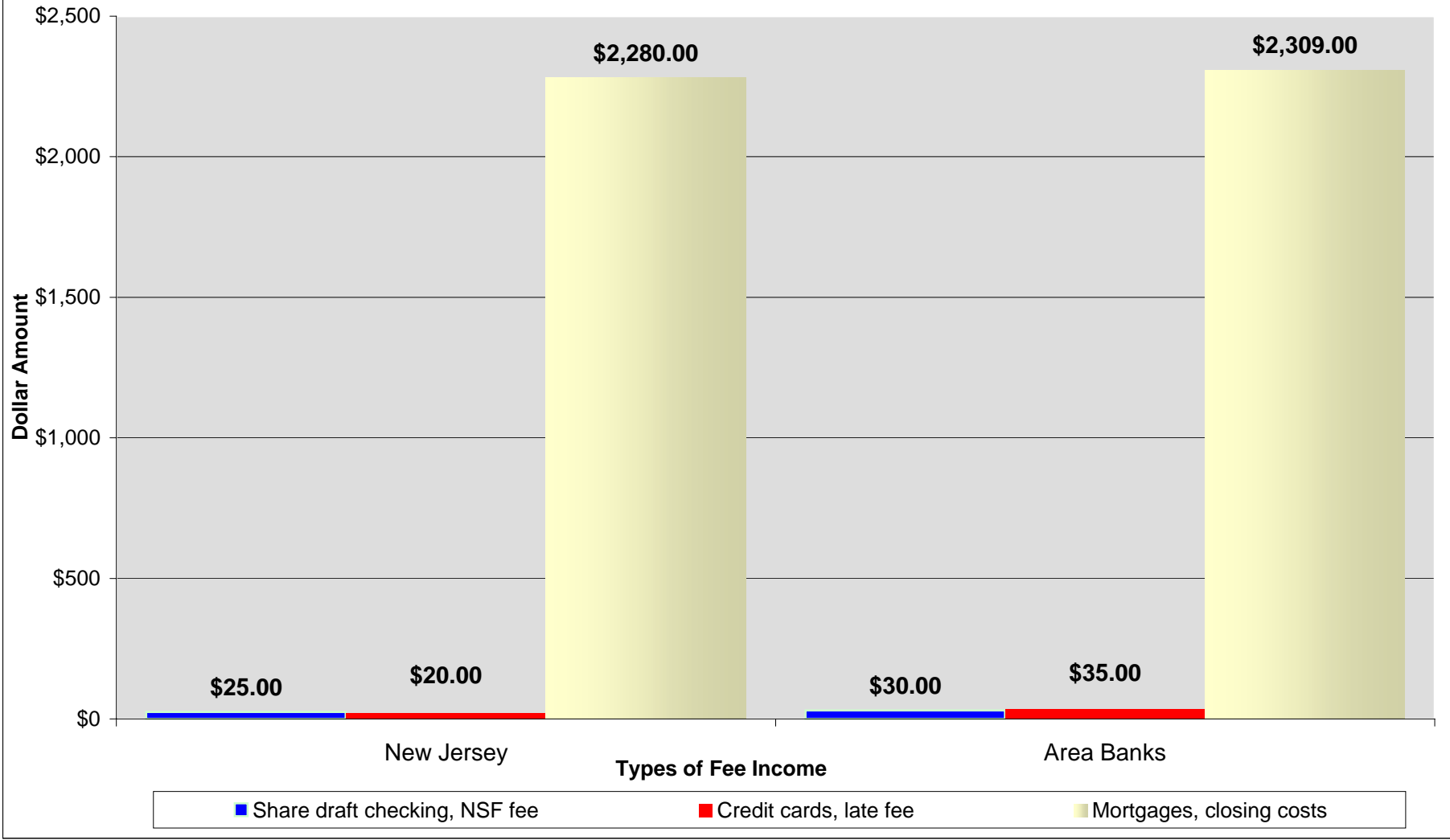
Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



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



Selected 2008 Credit Union Fees compared to Banking Institutions

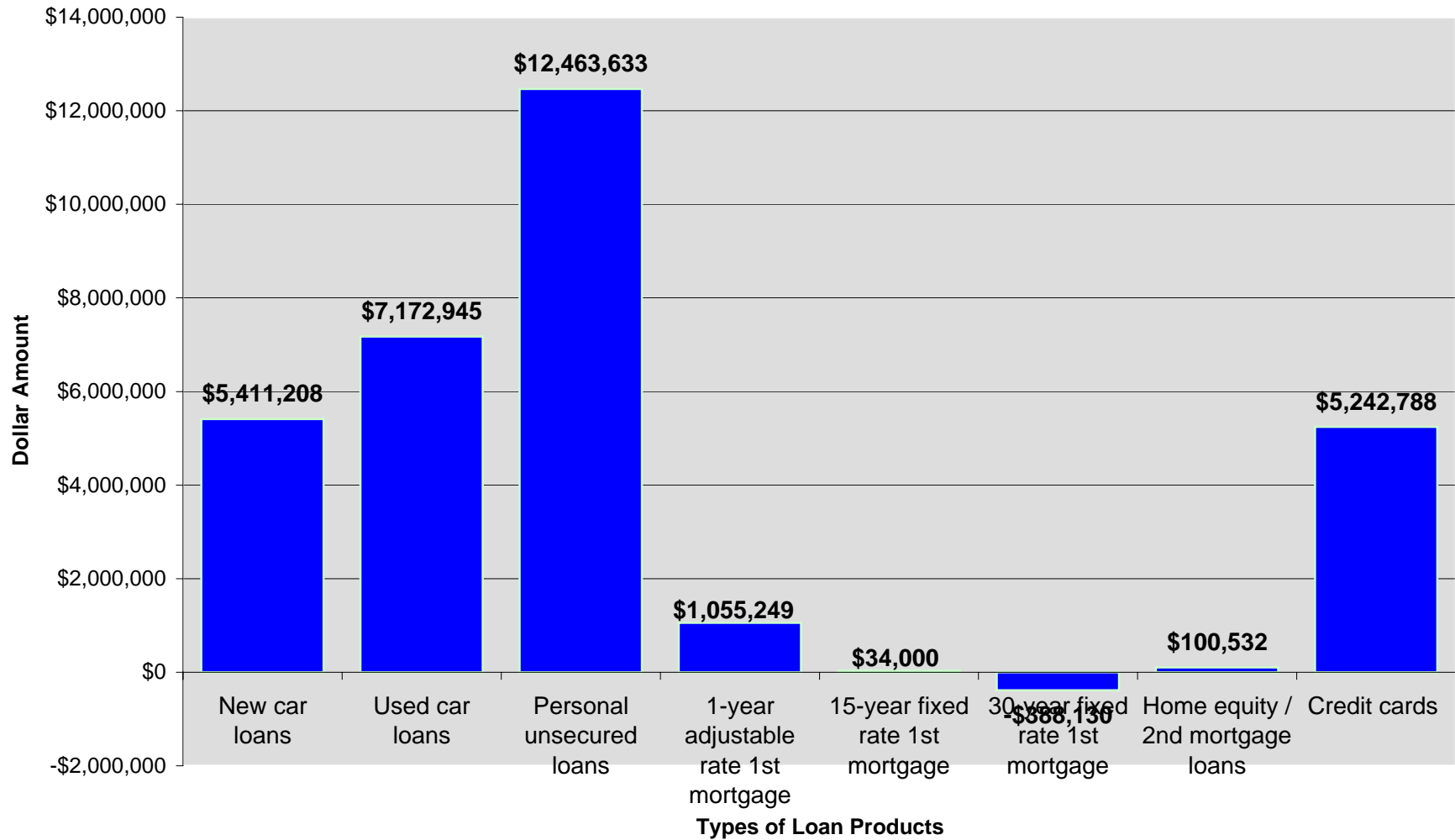


New Jersey
Credit Union and Banking Institution
2008 Average Interest Rates and Fees

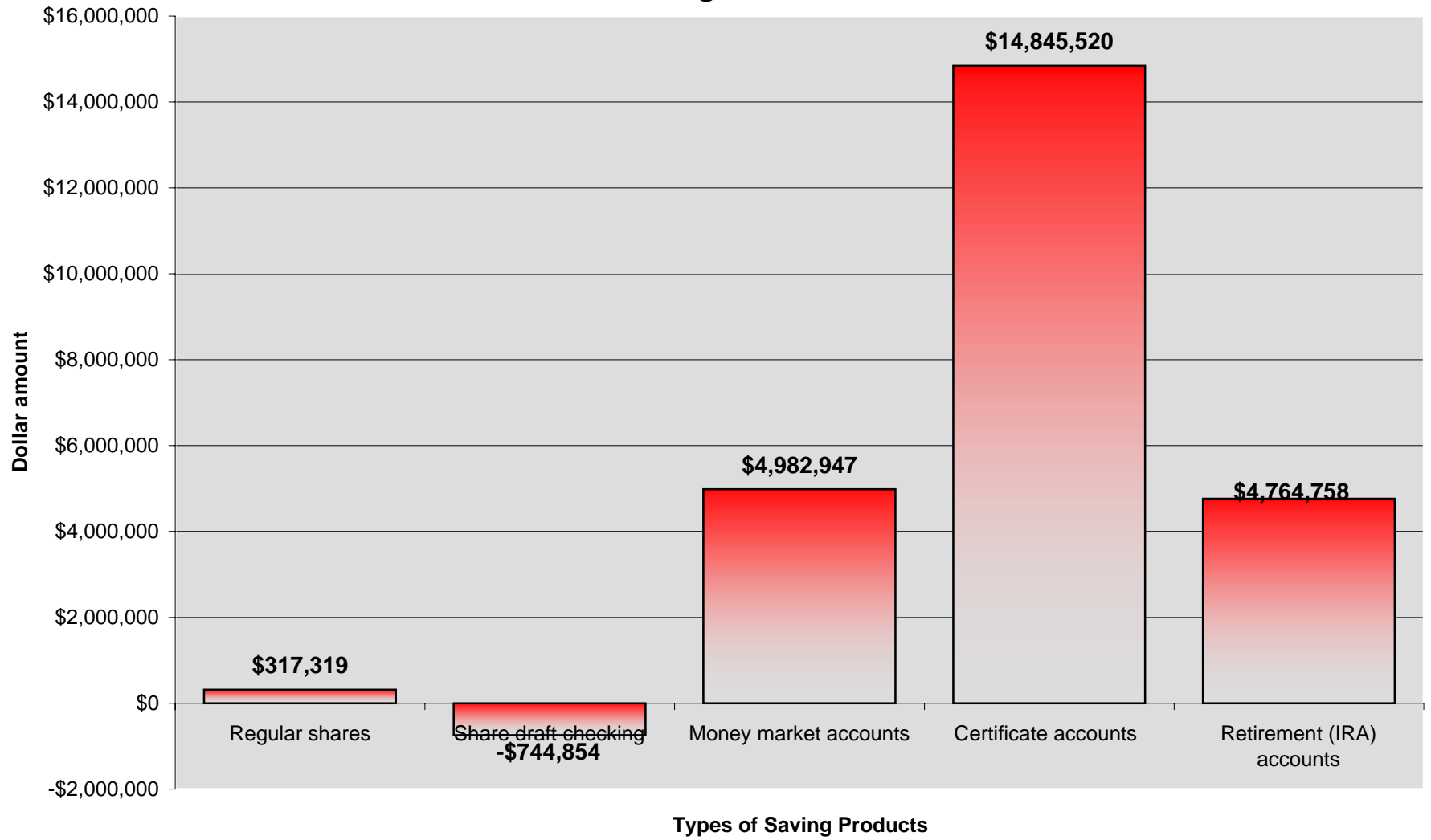
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	6.18	7.16	-0.98
48-month used car (A paper)	6.33	7.86	-1.53
Unsecured loan (A paper)	10.46	13.11	-2.66
1-year adjustable rate 1st mortgage, 0 pts	5.56	5.70	-0.14
15-year fixed rate 1st mortgage, 0 pts	5.55	5.56	-0.01
30-year fixed rate 1st mortgage, 0 pts	5.87	5.83	0.04
Home equity / 2nd mtg, 80% LTV 0 pts	5.90	5.90	-0.01
Credit card - classic	11.89	14.21	-2.33
Credit card - gold	10.09	9.76	0.33
Savings Products			
Regular savings, \$1,000 balance	0.82	0.81	0.01
Share draft checking, \$5,000 balance	0.52	0.60	-0.08
Money market accounts	2.02	1.47	0.56
1 Year certificate \$10,000 balance	3.78	3.14	0.65
Retirement (IRA) accounts	2.90	2.30	0.60
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 New Jersey Credit Unions Financial Benefits 2008

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. New Jersey Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	552,164,081	-0.98	\$5,411,208
Used car loans	470,357,043	-1.53	\$7,172,945
Personal unsecured loans	469,440,031	-2.66	\$12,463,633
1-year adjustable rate 1st mortgage	753,749,036	-0.14	\$1,055,249
15-year fixed rate 1st mortgage	339,996,183	-0.01	\$34,000
30-year fixed rate 1st mortgage	970,324,691	0.04	-\$388,130
Home equity / 2nd mortgage loans	2,010,645,088	-0.01	\$100,532
Credit cards	315,592,952	-2.33	\$5,242,788
Interest rebates in period			\$244,203
Total CU member benefits arising from lower interest rates on loan products:			\$31,336,427
<u>Savings</u>			
Regular shares	3,173,186,388	0.01	\$317,319
Share draft checking	993,138,817	-0.08	-\$744,854
Money market accounts	897,828,311	0.56	\$4,982,947
Certificate accounts	2,301,631,072	0.65	\$14,845,520
Retirement (IRA) accounts	794,126,263	0.60	\$4,764,758
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$24,165,690
<u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$16,310,343
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$71,812,460
Total CU member benefit / member:			\$63
Total CU member benefit / member household:			\$120

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;

**New Jersey
Performance Profile**

Demographic Information	Dec-08	Dec-07
Number of branches	416	415
Total assets (\$ mil)	10,258	9,617
Total loans (\$ mil)	6,237	5,985
Total surplus funds (\$ mil)	3,682	3,326
Total savings (\$ mil)	8,617	8,178
Total members (thousands)	1,132	1,147
Growth Rates		
Total assets	7.2 %	1.7 %
Total loans	4.8 %	3.9 %
Total surplus funds	11.1 %	-2.2 %
Total savings	5.9 %	0.4 %
Total members	-0.3 %	-3.2 %
Earnings - Basis Pts.		
Yield on total assets	540	574
- Dividend/interest cost of assets	219	242
+ Fee & other income	100	100
- Operating expense	353	355
- Loss Provisions	42	35
= Net Income (ROA)	26	41
Capital adequacy		
Net worth / assets	11.8	12.3
Asset quality		
Delinquencies / loans	1.4	1.2
Net chargeoffs / average loans	0.6	0.5
Total borrower-bankruptcies	8	5
Bankruptcies per 1000 members	1.5	1.0
Asset/Liability Management		
Loans / savings	72.4	73.2
Loans / assets	60.8	62.2
Long-term assets / assets	37.0	33.9
Core deposits/shares & borrowings	48.9	50.4
Productivity		
Members/potential members	7.9	7.5
Borrowers/members	38.1	37.7
Members/FTE	394	404
Average shares/members (\$)	7,613	7,130
Average loan balances (\$)	14,482	13,826
Salary & Benefits/FTE	61,096	58,961