

The Benefits of Membership

Customized Analysis of Member Benefits For:

New York

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.

New York

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 York credit unions provided \$415,942,035 in direct financial benefits to the state's 4,324,366 members during the twelve months ending September 2009.

These benefits are equivalent to \$96 per member or \$183 per member household ⁽¹⁾.

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

Consider this:

Financing a \$25,000 new automobile for 60 months at a New York credit union will save members an average \$191 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 York credit unions excel in providing member benefits on many loan and saving products. In particular, New York 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.

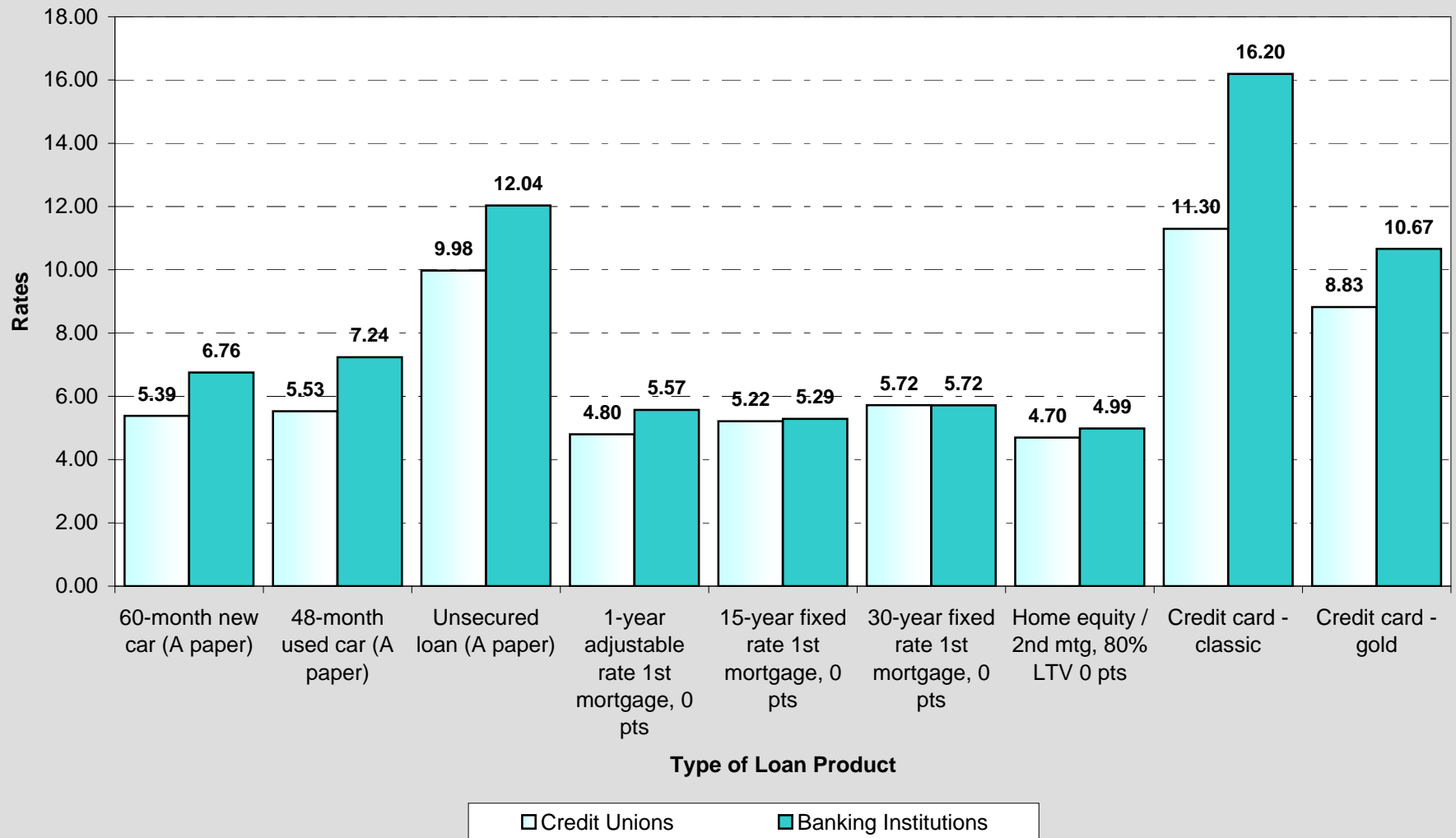
New York credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



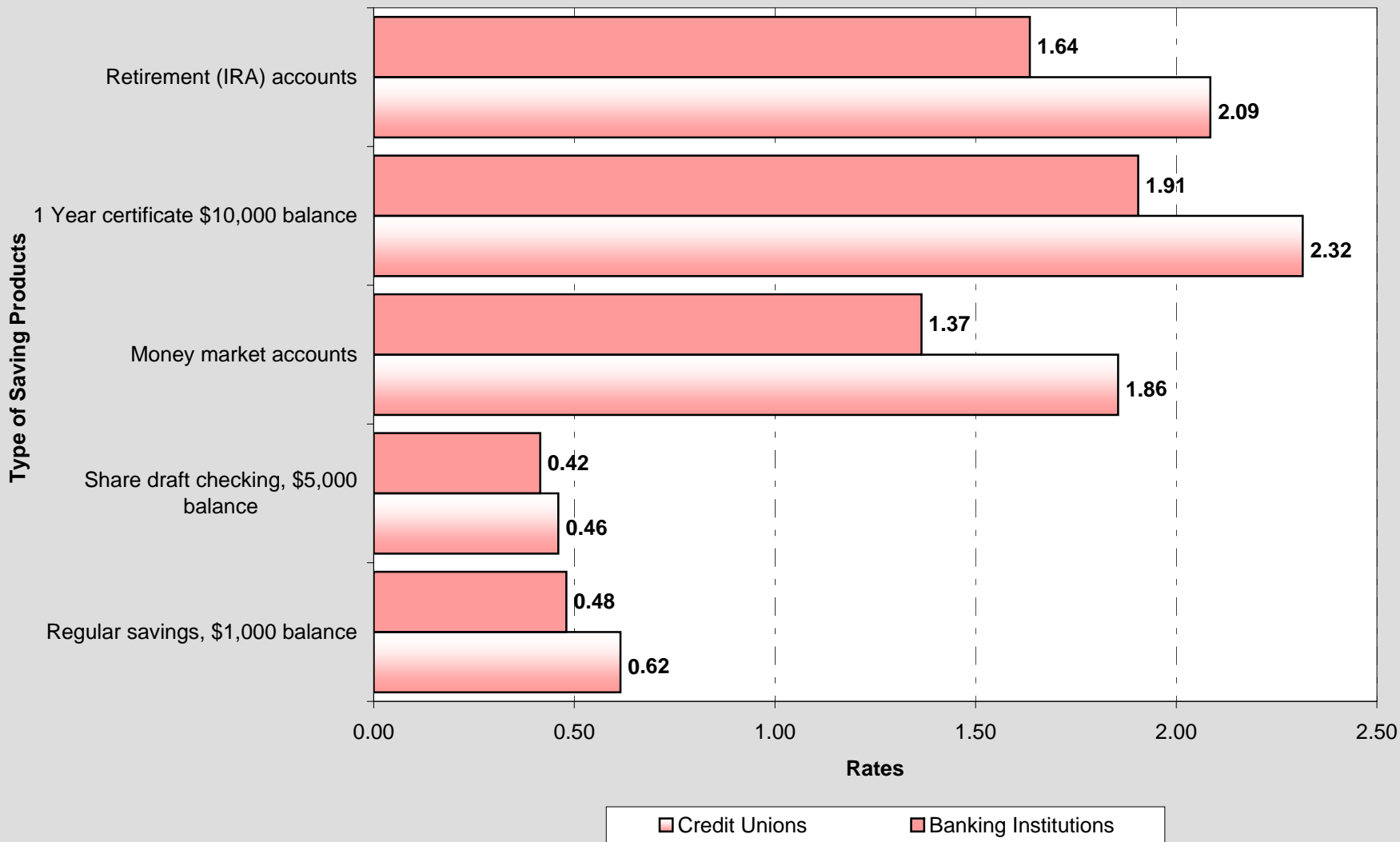
Source: Datatrac, NCUA, and CUNA.

(1) Assumes 1.9 credit union members per household.

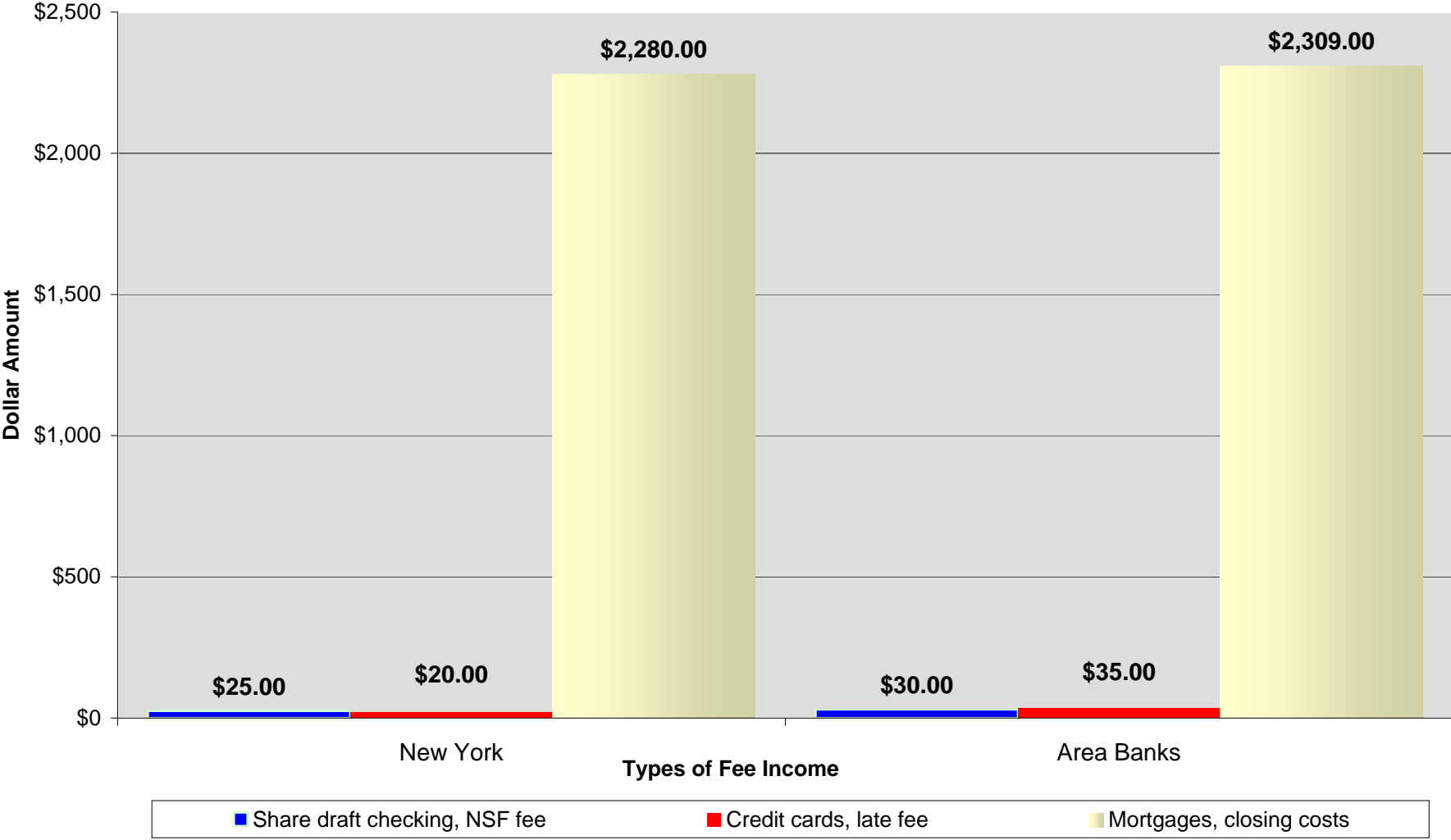
Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



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

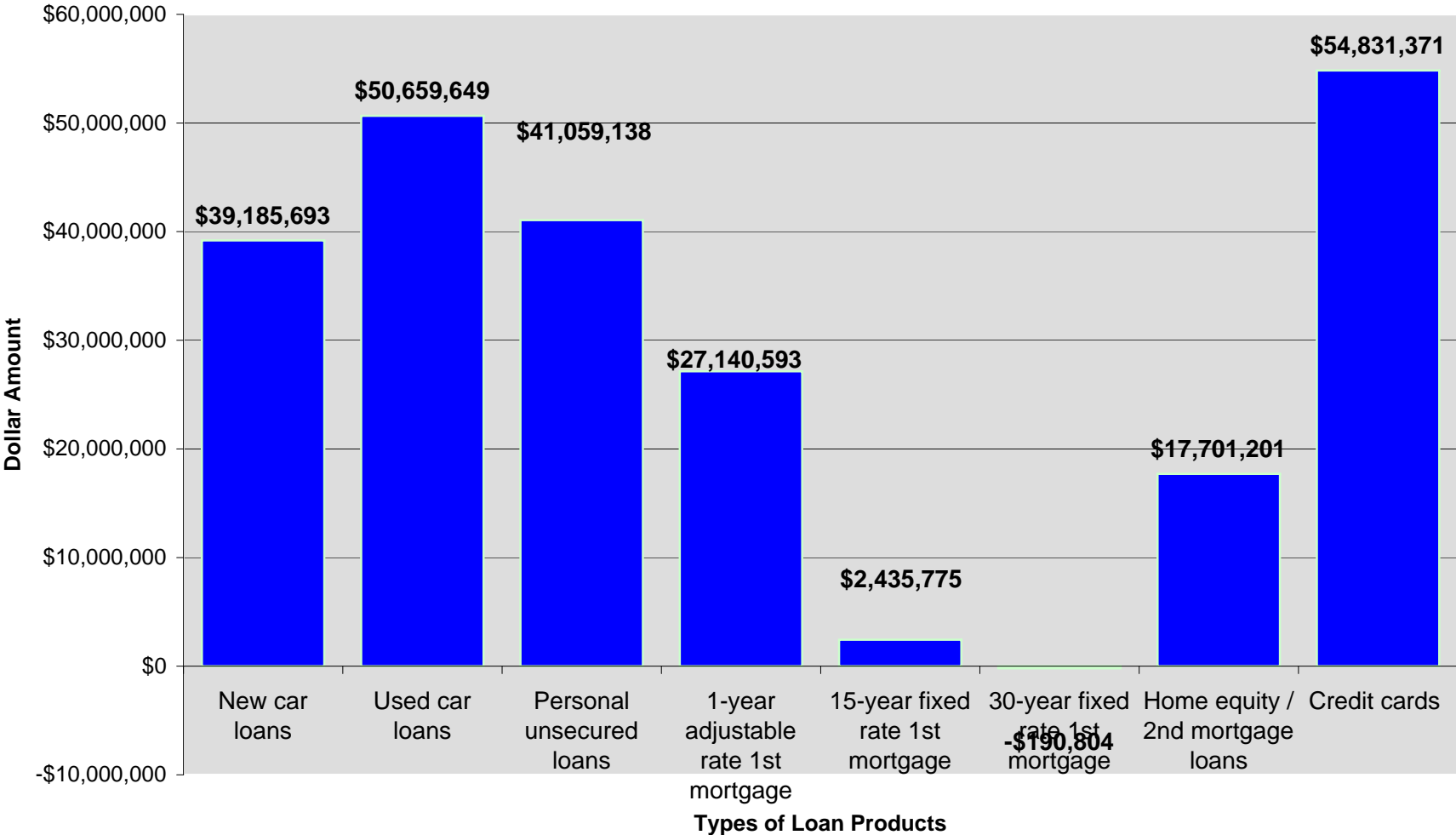


New York
Credit Union and Banking Institution
Third Quarter 2009 Average Interest Rates and Fees

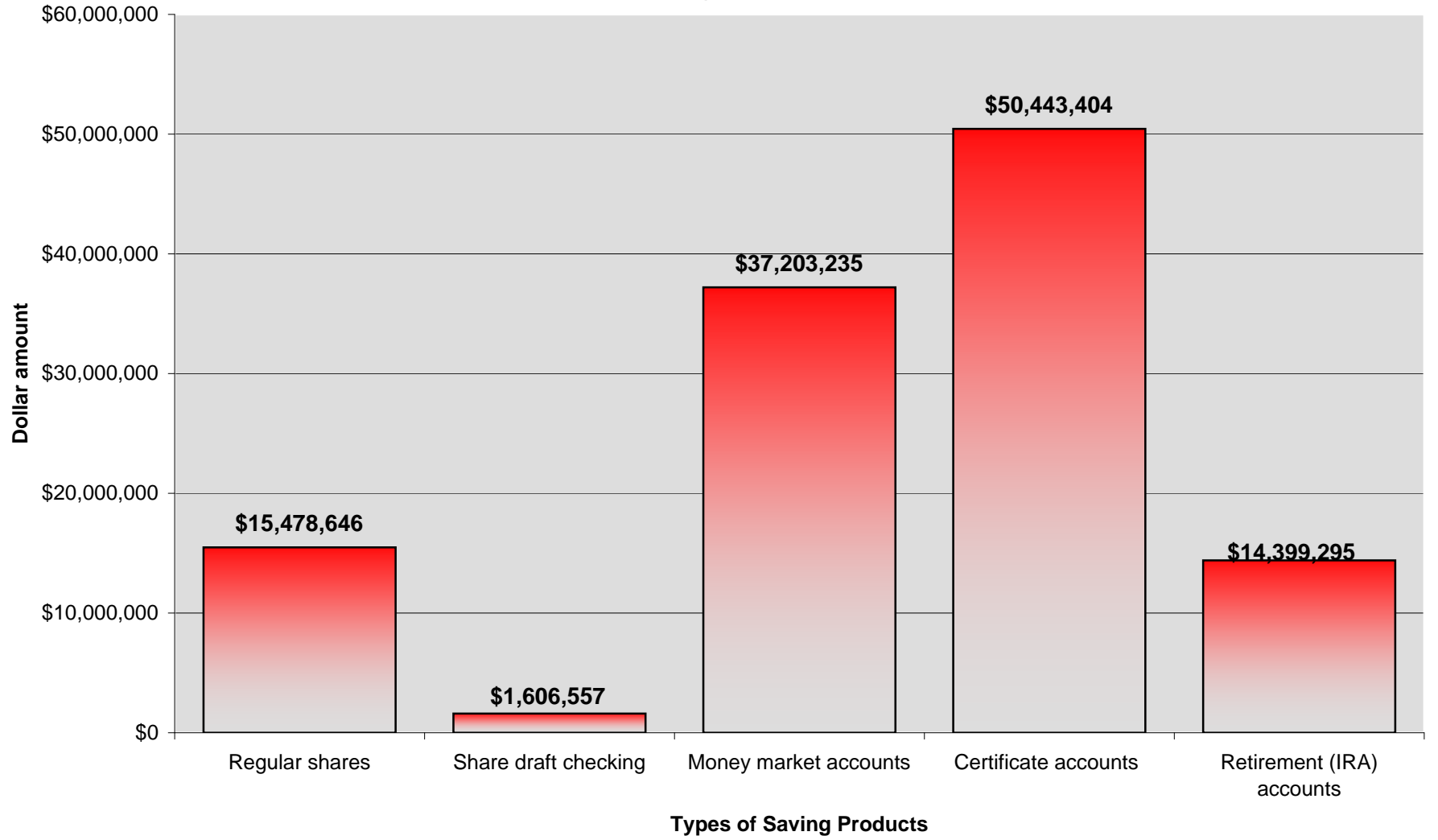
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	5.39	6.76	-1.37
48-month used car (A paper)	5.53	7.24	-1.71
Unsecured loan (A paper)	9.98	12.04	-2.06
1-year adjustable rate 1st mortgage, 0 pts	4.80	5.57	-0.77
15-year fixed rate 1st mortgage, 0 pts	5.22	5.29	-0.08
30-year fixed rate 1st mortgage, 0 pts	5.72	5.72	0.00
Home equity / 2nd mtg, 80% LTV 0 pts	4.70	4.99	-0.29
Credit card - classic	11.30	16.20	-4.90
Credit card - gold	8.83	10.67	-1.84
Savings Products			
Regular savings, \$1,000 balance	0.62	0.48	0.14
Share draft checking, \$5,000 balance	0.46	0.42	0.05
Money market accounts	1.86	1.37	0.49
1 Year certificate \$10,000 balance	2.32	1.91	0.41
Retirement (IRA) accounts	2.09	1.64	0.45
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 York Credit Unions Financial Benefits Third Quarter 2009

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. New York Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	2,860,269,532	-1.37	\$39,185,693
Used car loans	2,971,240,409	-1.71	\$50,659,649
Personal unsecured loans	1,993,162,032	-2.06	\$41,059,138
1-year adjustable rate 1st mortgage	3,524,752,303	-0.77	\$27,140,593
15-year fixed rate 1st mortgage	3,247,700,503	-0.08	\$2,435,775
30-year fixed rate 1st mortgage	3,816,081,470	0.00	-\$190,804
Home equity / 2nd mortgage loans	6,103,862,296	-0.29	\$17,701,201
Credit cards	1,326,030,747	-4.90	\$54,831,371
Interest rebates in period			\$22,217
Total CU member benefits arising from lower interest rates on loan products:			\$232,844,832
<u>Savings</u>			
Regular shares	11,465,663,934	0.14	\$15,478,646
Share draft checking	3,570,125,898	0.05	\$1,606,557
Money market accounts	7,592,496,983	0.49	\$37,203,235
Certificate accounts	12,303,269,267	0.41	\$50,443,404
Retirement (IRA) accounts	3,199,843,343	0.45	\$14,399,295
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$119,131,137
<u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$63,966,065
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$415,942,035
Total CU member benefit / member:			\$96
Total CU member benefit / member household:			\$183

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 York
Performance Profile**

Demographic Information	Sep-09	Sep-08
Number of branches	1041	1029
Total assets (\$ mil)	49,101	43,027
Total loans (\$ mil)	29,734	27,454
Total surplus funds (\$ mil)	17,744	14,109
Total savings (\$ mil)	41,580	35,895
Total members (thousands)	4,402	4,292
Growth Rates (Year-to-date)		
Total assets	11.7 %	6.1 %
Total loans	6.4 %	5.8 %
Total surplus funds	21.4 %	6.8 %
Total savings	12.6 %	6.5 %
Total members	2.1 %	1.9 %
Earnings - Basis Pts.		
Yield on total assets	496	556
Dividend/interest cost of assets	172	232
Fee & other income *	145	103
Operating expense	297	311
Loss Provisions	47	35
Net Income (ROA) after stabilization exp *	80	81
Capital adequacy		
Net worth / assets	11.1	12.2
Asset quality		
Delinquencies / loans	1.1	0.8
Net chargeoffs / average loans	0.6	0.5
Total borrower-bankruptcies	15	14
Bankruptcies per 1000 members	1.5	1.5
Asset/Liability Management		
Loans / savings	71.5	76.5
Loans / assets	60.6	63.8
Long-term assets / assets	41.9	36.9
Core deposits/shares & borrowings	37.1	38.7
Productivity		
Members/potential members	10.1	9.7
Borrowers/members	50.3	50.7
Members/FTE	380	391
Average shares/members (\$)	9,445	8,364
Average loan balances (\$)	13,434	12,611
Salary & Benefits/FTE	60,421	59,744

***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.**