

# ***The Benefits of Membership***

*Customized Analysis of Member Benefits For:*

**Ohio**

***December 2007***

*Prepared by:*

***Credit Union National Association  
Economics and Statistics Department***



## **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 state<sup>1</sup>. 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).

---

<sup>1</sup> 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.

# Ohio

## *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 Ohio credit unions provided \$281,628,771 in direct financial benefits to the state's 2,634,428 members during the twelve months ending December 2007.

**These benefits are equivalent to \$107 per member or \$203 per member household <sup>(1)</sup>.**

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

Consider this:

**Financing a \$25,000 new automobile for 60 months at a Ohio credit union will save members an average \$110 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.

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

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

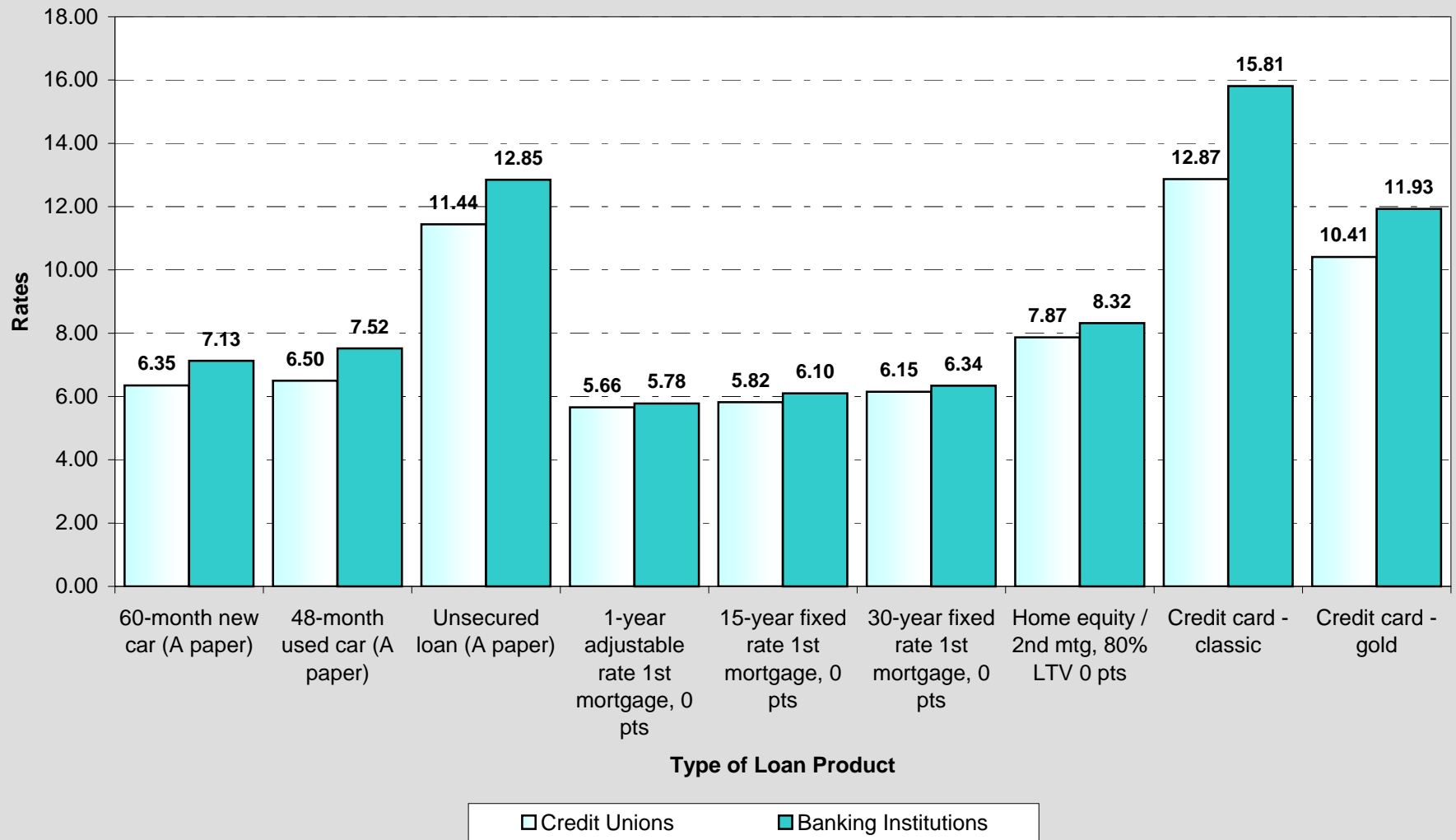


---

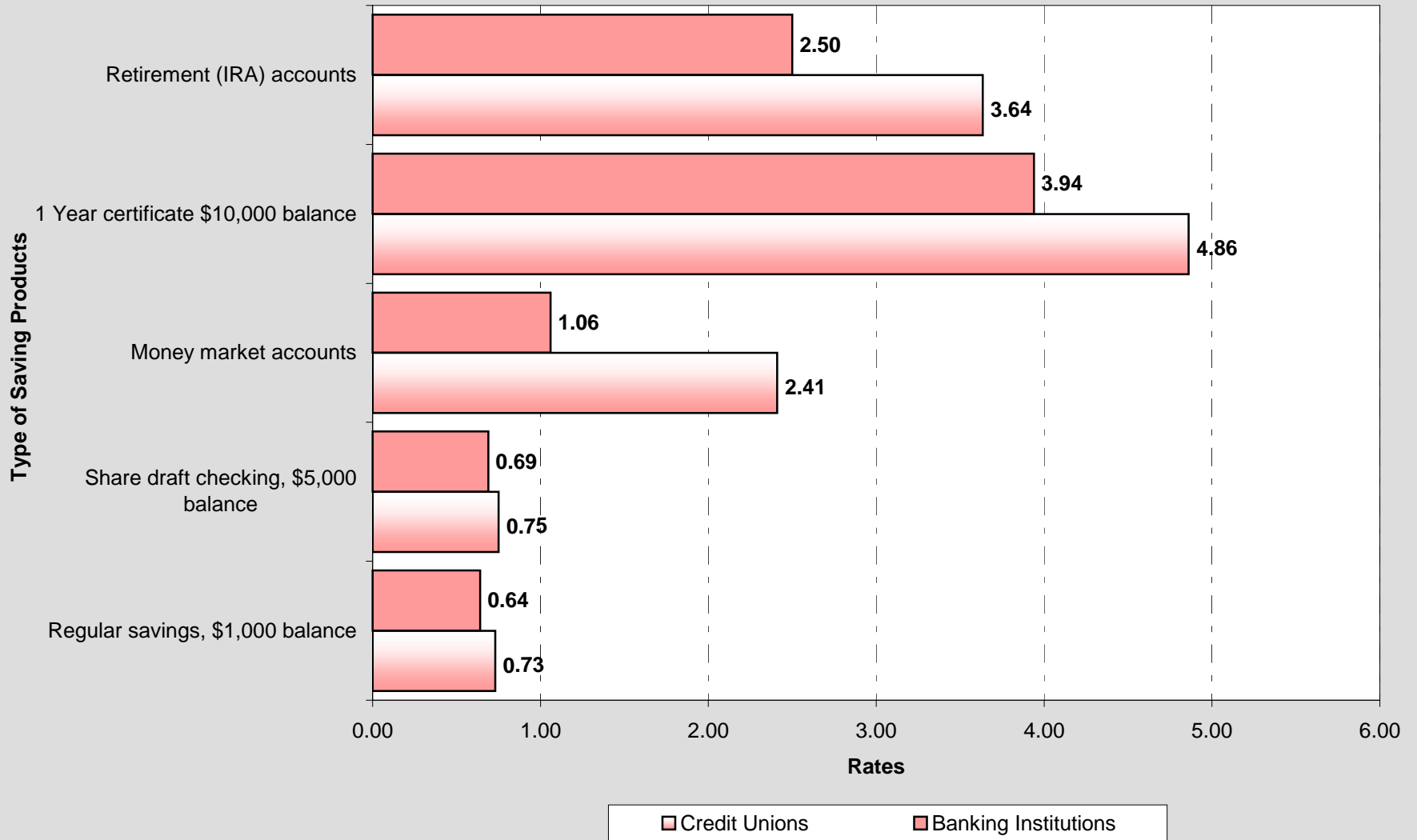
Source: Datatrac, NCUA, and CUNA.

(1) Assumes 1.9 credit union members per household.

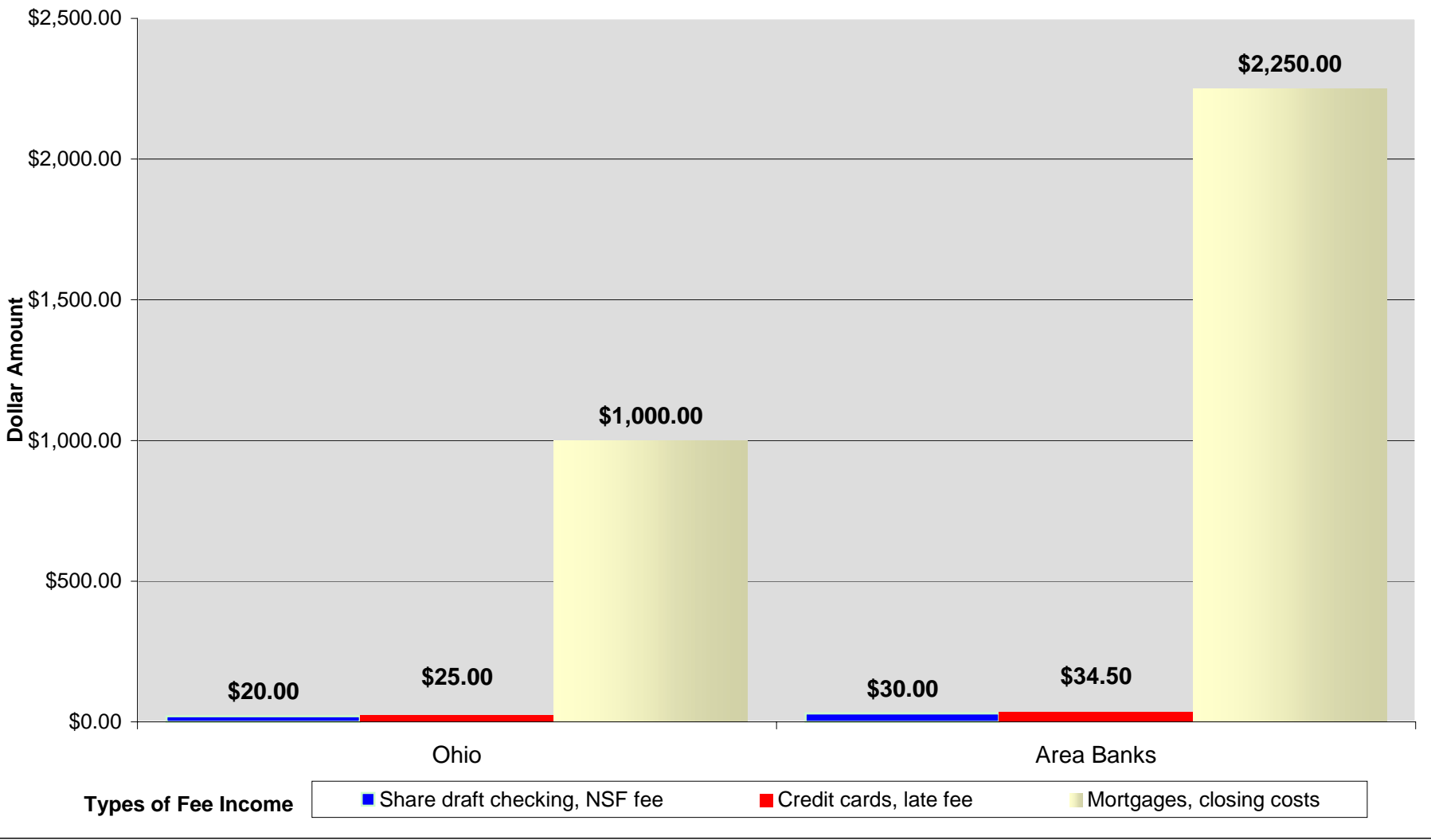
## Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



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



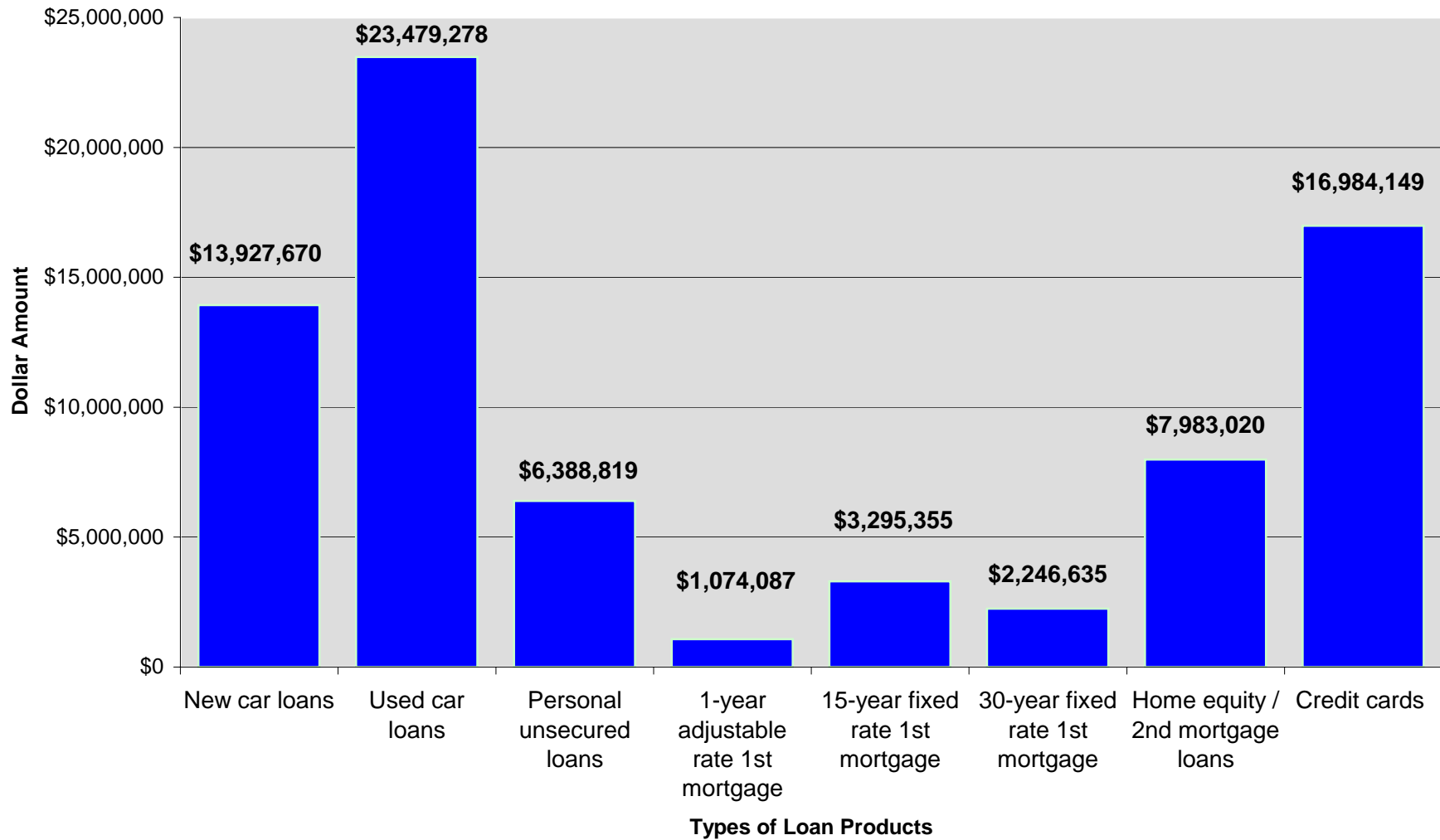
## Selected Credit Union Fees compared to Banking Institutions



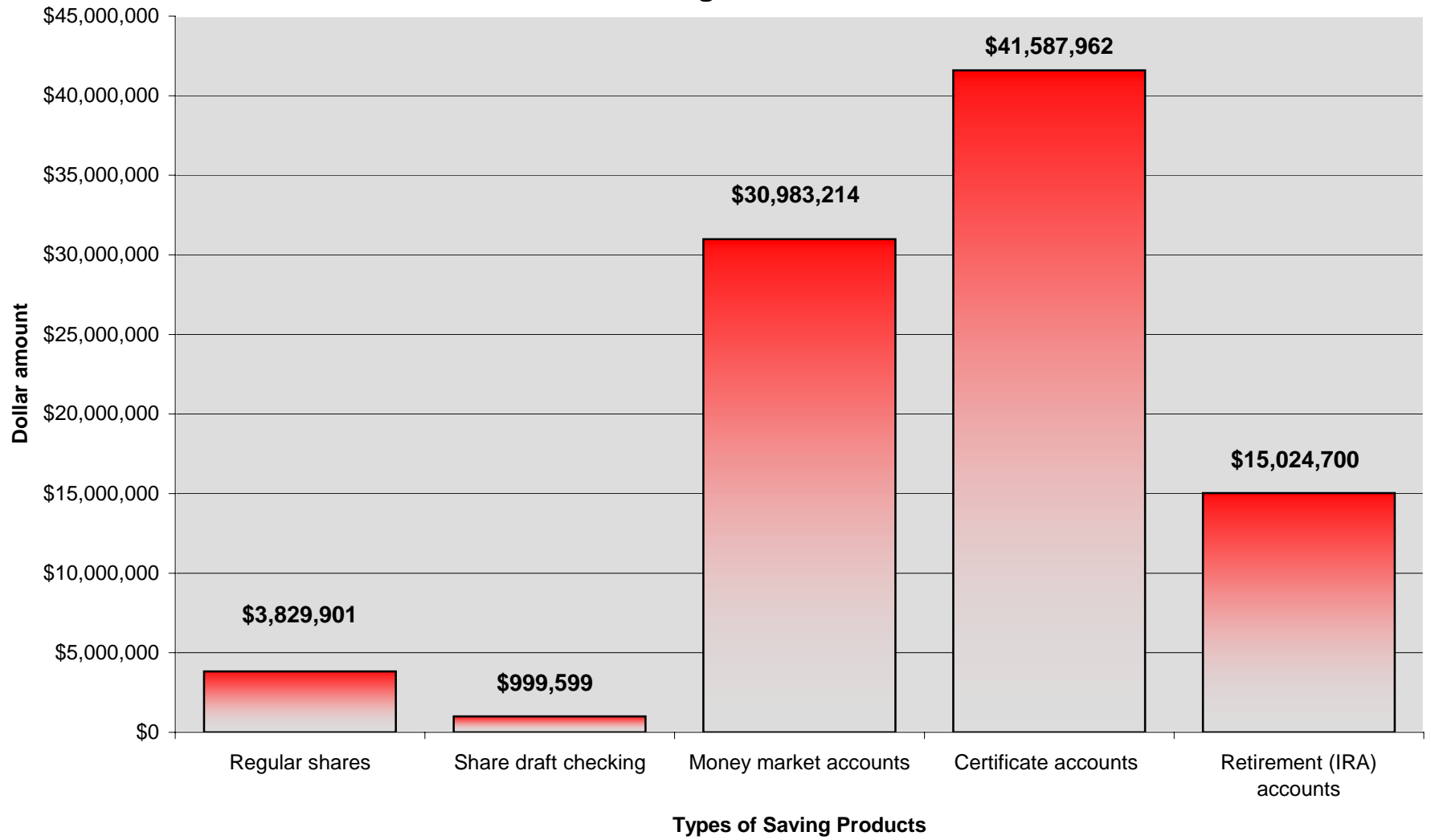
**Recent Interest Rates at Credit Unions  
and  
Banking Institutions in Ohio**

<b>Loan Products</b>	<b>Average Rate at Credit Unions (%)</b>	<b>Average Rate at Banks (%)</b>	<b>Rate Difference vs. Banks (%)</b>
60-month new car (A paper)	6.35	7.13	-0.78
48-month used car (A paper)	6.50	7.52	-1.02
Unsecured loan (A paper)	11.44	12.85	-1.41
1-year adjustable rate 1st mortgage, 0 pts	5.66	5.78	-0.12
15-year fixed rate 1st mortgage, 0 pts	5.82	6.10	-0.28
30-year fixed rate 1st mortgage, 0 pts	6.15	6.34	-0.19
Home equity / 2nd mtg, 80% LTV 0 pts	7.87	8.32	-0.45
Credit card - classic	12.87	15.81	-2.94
Credit card - gold	10.41	11.93	-1.52
<b>Savings Products</b>			
Regular savings, \$1,000 balance	0.73	0.64	0.09
Share draft checking, \$5,000 balance	0.75	0.69	0.06
Money market accounts	2.41	1.06	1.35
1 Year certificate \$10,000 balance	4.86	3.94	0.92
Retirement (IRA) accounts	3.64	2.50	1.14
<b>Fee Income</b>			
Share draft checking, NSF fee	\$20.00	\$30.00	-\$10.00
Credit cards, late fee	\$25.00	\$34.50	-\$9.50
Mortgages, closing costs	\$1,000.00	\$2,250.00	-\$1,250.00

## Estimated Credit Union Loan Rate Benefits vs. Banking Institutions



### Estimated Credit Union Savings Dividend Benefits vs. Banking Institutions



## Estimated Ohio Credit Unions Financial Benefits Year-End 2007

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Ohio Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,785,598,752	-0.78	\$13,927,670
Used car loans	2,301,890,040	-1.02	\$23,479,278
Personal unsecured loans	453,107,722	-1.41	\$6,388,819
1-year adjustable rate 1st mortgage	895,072,643	-0.12	\$1,074,087
15-year fixed rate 1st mortgage	1,176,912,443	-0.28	\$3,295,355
30-year fixed rate 1st mortgage	1,182,439,598	-0.19	\$2,246,635
Home equity / 2nd mortgage loans	1,774,004,500	-0.45	\$7,983,020
Credit cards	657,027,023	-2.94	\$16,984,149
Interest rebates in period			\$1,495,268
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$76,874,282</b>
<u>Savings</u>			
Regular shares	4,255,445,644	0.09	\$3,829,901
Share draft checking	1,665,998,587	0.06	\$999,599
Money market accounts	2,295,052,917	1.35	\$30,983,214
Certificate accounts	4,520,430,706	0.92	\$41,587,962
Retirement (IRA) accounts	1,323,762,107	1.14	\$15,024,700
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on saving products:</b>			<b>\$92,425,377</b>
<u>Fee Income</u>			
<b>Total CU member benefit arising from fewer/lower fees:</b>			<b>\$112,329,113</b>
<b>Total CU member benefit arising from interest rates on loan and savings products and lower fees:</b>			<b>\$281,628,771</b>
<b>Total CU member benefit / member:</b>			<b>\$107</b>
<b>Total CU member benefit / member household:</b>			<b>\$203</b>

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of year-end 2005 and year-end 2004, according to the NCUA call report.; (2) Credit union rates provided by individual credit union, bank rates provided by Datatrac;

**Ohio**  
**Performance Profile**

<b>Demographic Information</b>	<b>Dec-07</b>	<b>Dec-06</b>
Number of branches	838	824
Total assets (\$ mil)	17,146,025,745	16,903,671,203
Total loans (\$ mil)	11,045,881,437	11,151,481,993
Total surplus funds (\$ mil)	5,381,783,955	5,078,829,313
Total savings (\$ mil)	14,691,226,965	14,504,296,195
Total members (thousands)	2,624,713	2,700,664
<b>Growth Rates</b>		
Total assets	5.2 %	4.9 %
Total loans	3.1 %	5.0 %
Total surplus funds	9.2 %	4.1 %
Total savings	5.1 %	4.8 %
Total members	-0.7 %	1.1 %
<b>Earnings - Basis Pts.</b>		
Yield on total assets	597	565
- Dividend/interest cost of assets	256	218
+ Fee & other income	149	141
- Operating expense	393	390
- Loss Provisions	32	36
= Net Income (ROA)	65	62
<b>Capital adequacy</b>		
Net worth / assets	12.6	12.6
<b>Asset quality</b>		
Delinquencies / loans	1.2	1.1
Net chargeoffs / average loans	0.5	0.6
Total borrower-bankruptcies	14	11
Bankruptcies per 1000 members	2.4	1.8
<b>Asset/Liability Management</b>		
Loans / savings	75.2	76.9
Loans / assets	64.4	66.0
Long-term assets / assets	27.8	24.7
Core deposits/shares & borrowings	39.2	42.9
<b>Productivity</b>		
Members/potential members	6.2	7.5
Borrowers/members	47.7	45.7
Members/FTE	399	419
Average shares/members (\$)	5,597	5,371
Average loan balances (\$)	8,814	9,041
Salary & Benefits/FTE	48,236	47,980