

The Benefits of Membership

Customized Analysis of Member Benefits For:

West Virginia

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.

West Virginia

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 West Virginia credit unions provided \$18,624,140 in direct financial benefits to the state's 392,807 members during the twelve months ending September 2009.

These benefits are equivalent to \$47 per member or \$90 per member household (1).

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

Consider this:

Financing a \$25,000 new automobile for 60 months at a West Virginia credit union will save members an average \$104 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.

West Virginia credit unions excel in providing member benefits on many loan and saving products. In particular, West Virginia credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, credit cards loans.

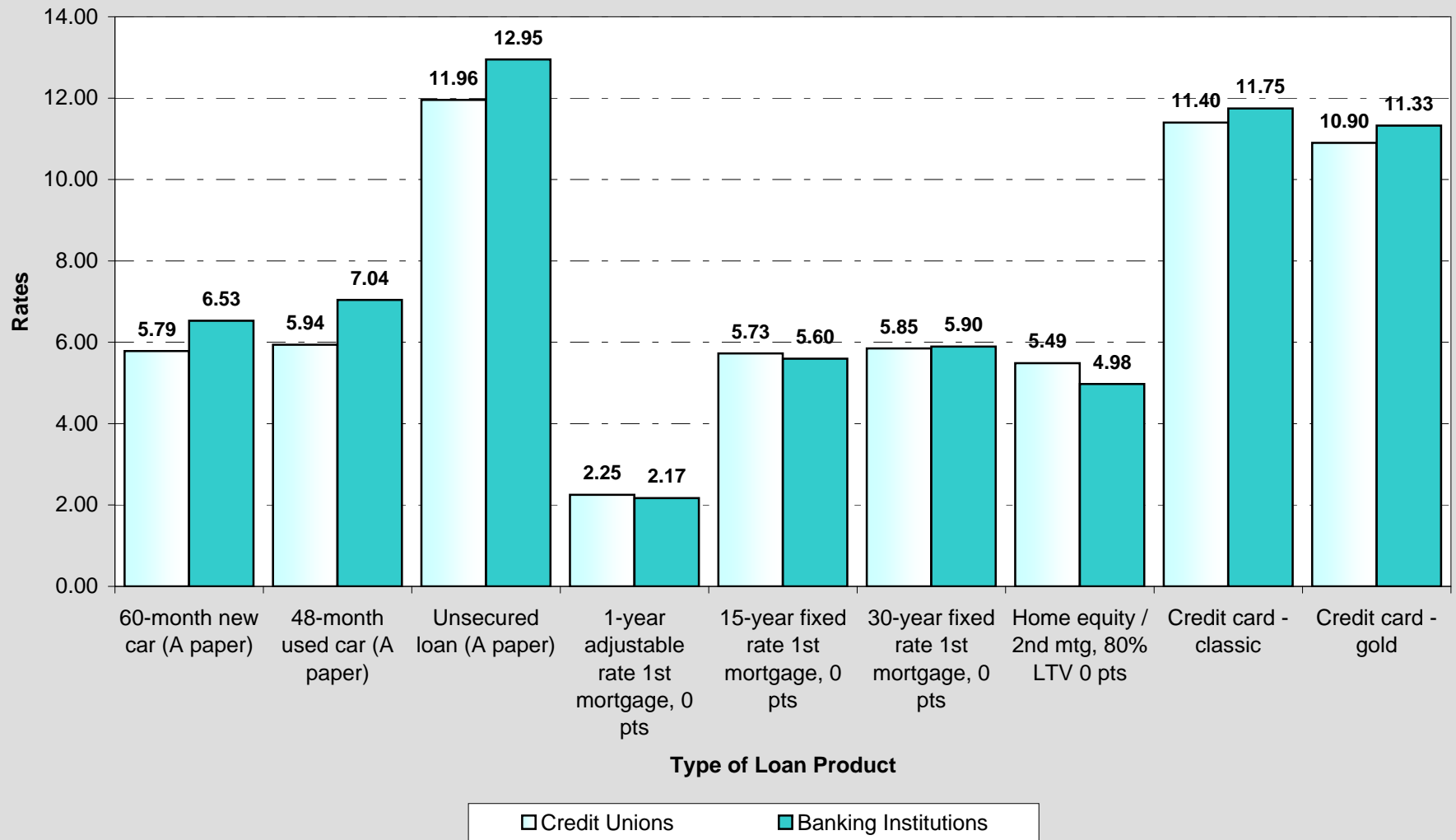
West Virginia credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



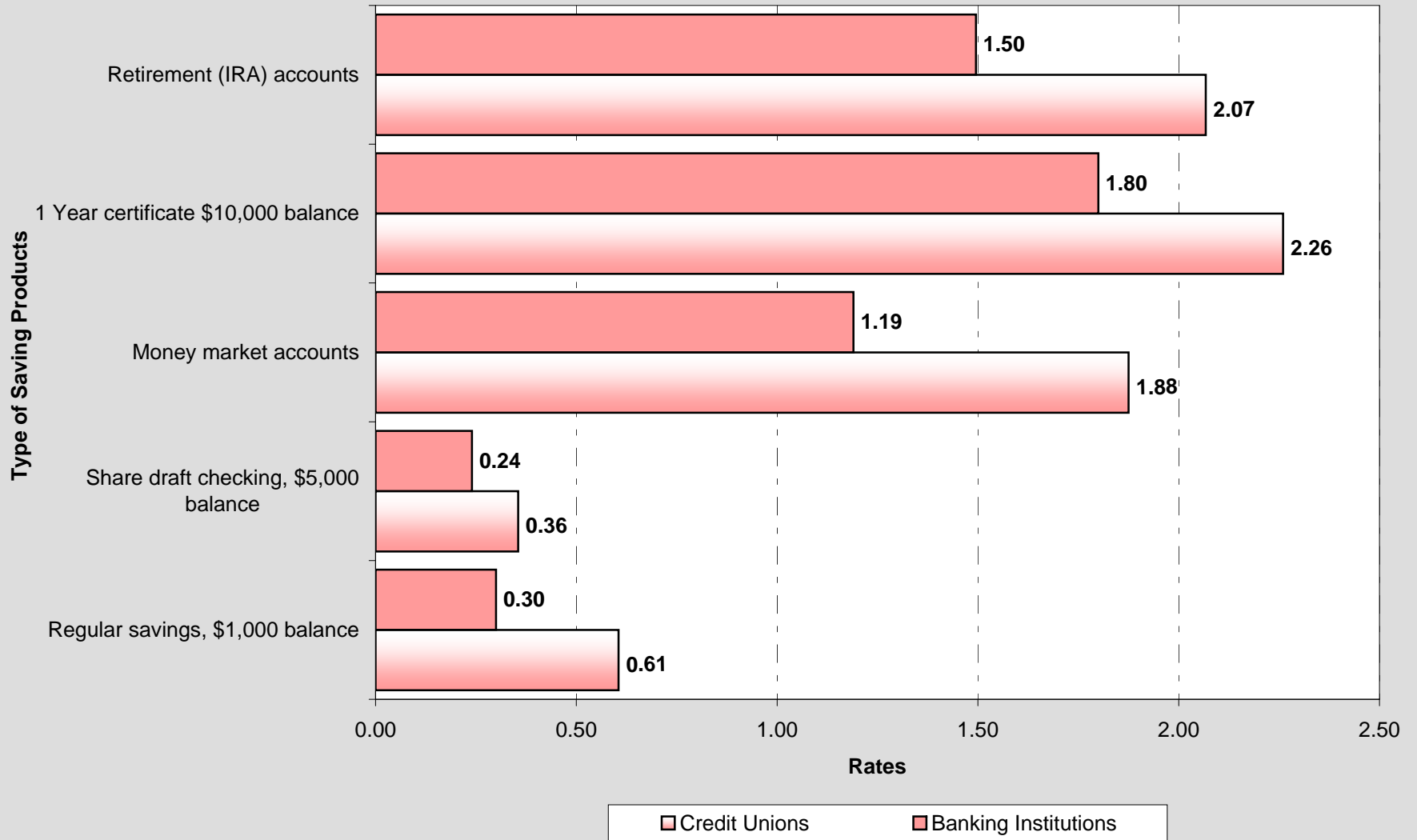
Source: Datatrac, NCUA, and CUNA.

(1) Assumes 1.9 credit union members per household.

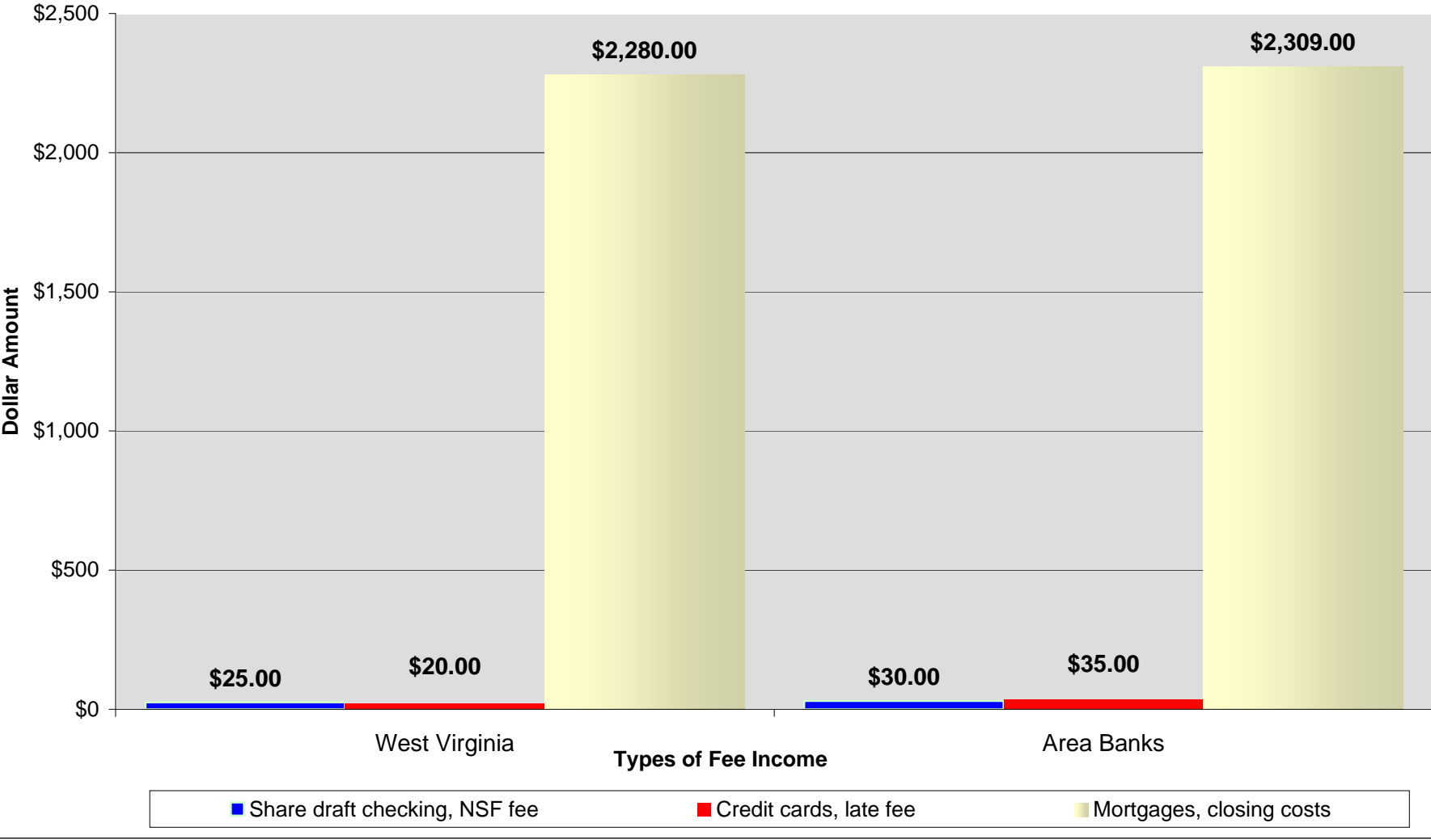
Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



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

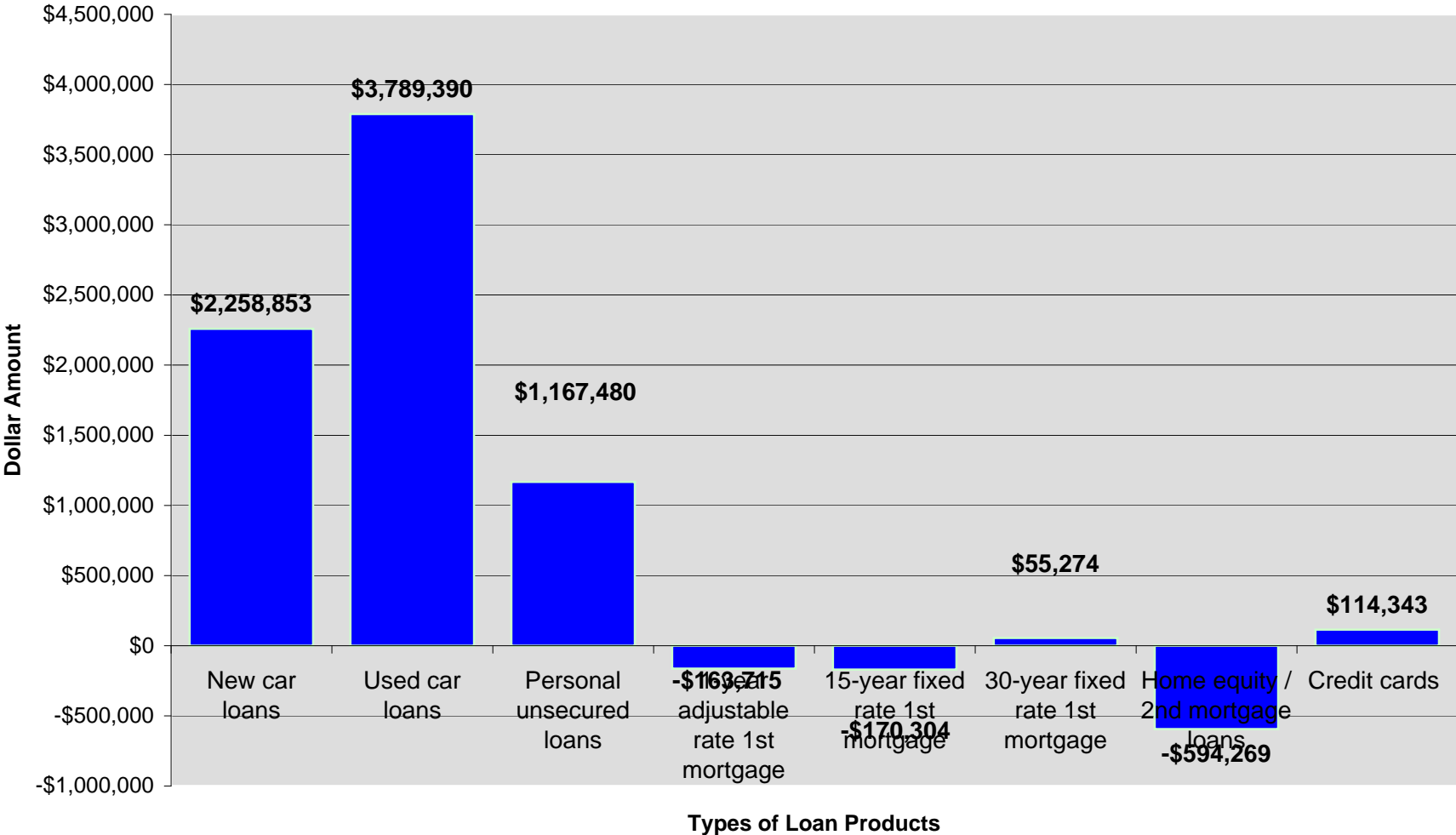


West Virginia
Credit Union and Banking Instituion
Third Quarter 2009 Average Interest Rates and Fees

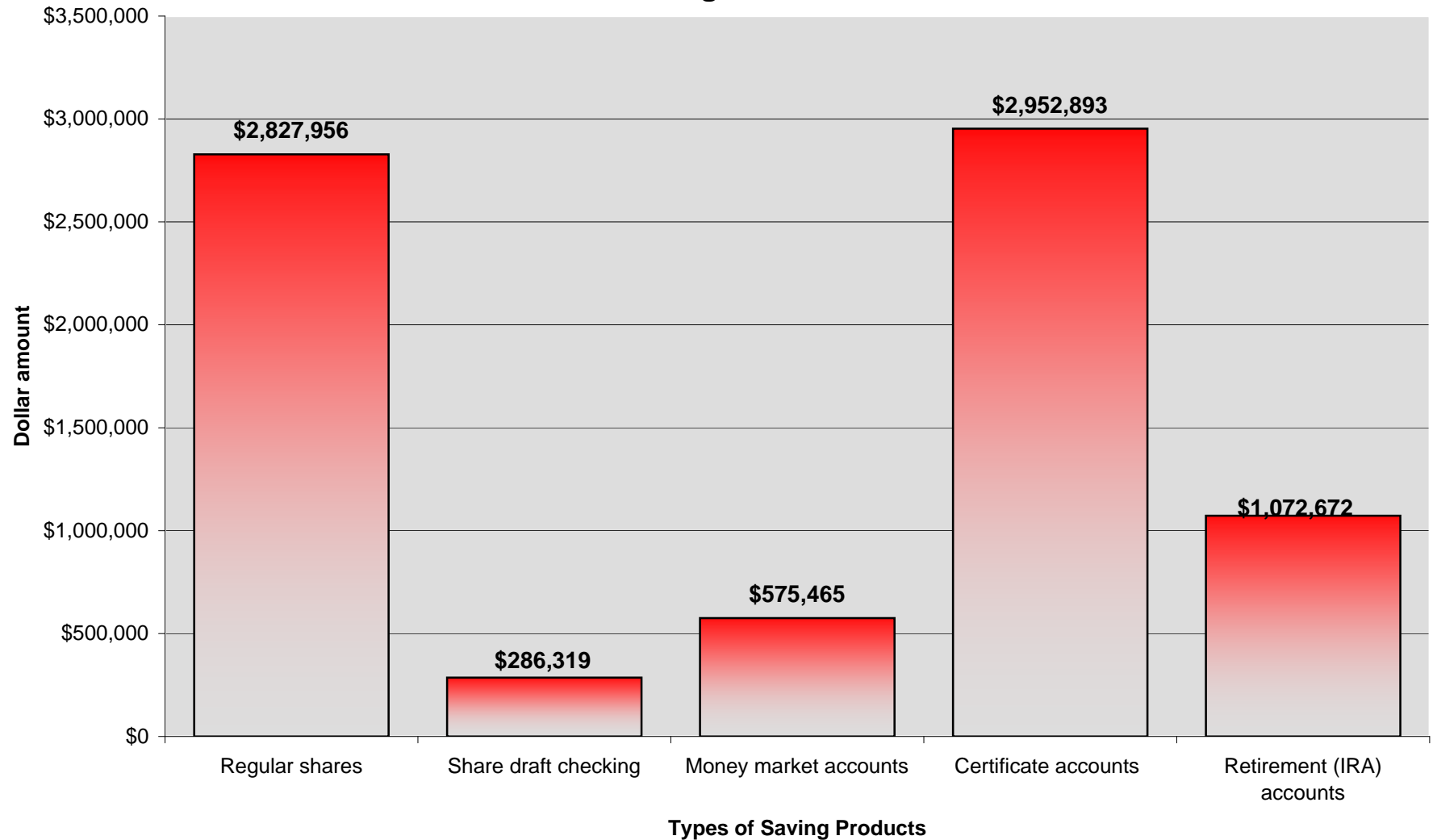
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	5.79	6.53	-0.75
48-month used car (A paper)	5.94	7.04	-1.10
Unsecured loan (A paper)	11.96	12.95	-0.99
1-year adjustable rate 1st mortgage, 0 pts	2.25	2.17	0.08
15-year fixed rate 1st mortgage, 0 pts	5.73	5.60	0.13
30-year fixed rate 1st mortgage, 0 pts	5.85	5.90	-0.04
Home equity / 2nd mtg, 80% LTV 0 pts	5.49	4.98	0.51
Credit card - classic	11.40	11.75	-0.34
Credit card - gold	10.90	11.33	-0.42
Savings Products			
Regular savings, \$1,000 balance	0.61	0.30	0.31
Share draft checking, \$5,000 balance	0.36	0.24	0.12
Money market accounts	1.88	1.19	0.69
1 Year certificate \$10,000 balance	2.26	1.80	0.46
Retirement (IRA) accounts	2.07	1.50	0.57
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 West Virginia Credit Unions Financial Benefits Third Quarter 2009

	Avg. Balance at Credit Unions (1)	Rate Difference vs. West Virginia Banks (%) (2)	Total Financial Benefit to Your Members
<u>Loans</u>			
New car loans	303,201,701	-0.75	\$2,258,853
Used car loans	344,489,970	-1.10	\$3,789,390
Personal unsecured loans	117,334,652	-0.99	\$1,167,480
1-year adjustable rate 1st mortgage	204,644,241	0.08	-\$163,715
15-year fixed rate 1st mortgage	131,003,092	0.13	-\$170,304
30-year fixed rate 1st mortgage	122,831,745	-0.04	\$55,274
Home equity / 2nd mortgage loans	116,523,391	0.51	-\$594,269
Credit cards	31,326,898	-0.34	\$114,343
Interest rebates in period			\$3,714
Total CU member benefits arising from lower interest rates on loan products:			\$6,460,765
<u>Savings</u>			
Regular shares	927,198,810	0.31	\$2,827,956
Share draft checking	248,973,469	0.12	\$286,319
Money market accounts	84,009,481	0.69	\$575,465
Certificate accounts	641,933,236	0.46	\$2,952,893
Retirement (IRA) accounts	187,366,294	0.57	\$1,072,672
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$7,715,306
<u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$4,448,069
Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$18,624,140
Total CU member benefit / member:			\$47
Total CU member benefit / member household:			\$90

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;

**West Virginia
Performance Profile**

Demographic Information	Sep-09	Sep-08
Number of branches	170	171
Total assets (\$ mil)	2,615	2,392
Total loans (\$ mil)	1,548	1,477
Total surplus funds (\$ mil)	959	812
Total savings (\$ mil)	2,207	2,029
Total members (thousands)	390	400
Growth Rates (Year-to-date)		
Total assets	9.9 %	4.2 %
Total loans	5.4 %	3.0 %
Total surplus funds	18.7 %	6.9 %
Total savings	9.1 %	4.2 %
Total members	-0.5 %	0.4 %
Earnings - Basis Pts.		
Yield on total assets	512	580
Dividend/interest cost of assets	156	211
Fee & other income *	162	118
Operating expense	371	408
Loss Provisions	30	36
Net Income (ROA) after stabilization exp *	62	43
Capital adequacy		
Net worth / assets	12.8	13.4
Asset quality		
Delinquencies / loans	1.2	1.2
Net chargeoffs / average loans	0.5	0.4
Total borrower-bankruptcies	5	4
Bankruptcies per 1000 members	1.3	1.0
Asset/Liability Management		
Loans / savings	70.1	72.8
Loans / assets	59.2	61.8
Long-term assets / assets	22.0	21.3
Core deposits/shares & borrowings	54.3	55.2
Productivity		
Members/potential members	10.2	10.5
Borrowers/members	38.2	38.7
Members/FTE	379	384
Average shares/members (\$)	5,657	5,069
Average loan balances (\$)	10,391	9,532
Salary & Benefits/FTE	44,749	43,538

***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.**