

The Benefits of Membership

National

December 2007

Prepared by:

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Economics and Statistics Department***



About Your Membership Benefits Report

The Membership Benefits report communicates the value of membership to members. The report compares your credit union's dividend rates, loan rates, and fees to those of banking institutions nationally¹. It combines those comparisons with credit union's call report data to develop an overall estimate of the annual financial benefits to credit union 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. The report will communicate credit union's proposition to staff, members, potential members, community leaders, and policy makers.

When interpreting the report, remember that any benefit above \$0 means credit union's are delivering financial benefits compared to the average banking institution.

The report measures benefits at one distinct point in time. Operational and strategic decisions – building a new branch, expanding your field of membership, introducing a new product – will undoubtedly be reflected credit union pricing decisions (and estimated benefit levels).

Finally, the report compares rates and fees to banking institutions on a national level.

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.

The Benefits of Credit Union Membership

Credit unions generally provide financial benefits to members through lower loan rates, higher saving rates, and fewer, lower fees than banking institutions.

The Credit Union National Association (CUNA) estimates that credit unions provided \$10,973,774,977 in direct financial benefits to the nation's 87,336,236 members during the twelve months ending December 2007.

These benefits are equivalent to \$126 per member or \$239 per member household ⁽¹⁾.

Credit union per-member and per-household benefits 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 credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at credit unions will save members an average \$181 per year in interest expense compared to what they would pay at a banking institution. That's approximately \$1,000 in savings over five years.

Further, loyal members - those who use the credit union extensively - often receive total financial benefits that are much greater than the average.

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

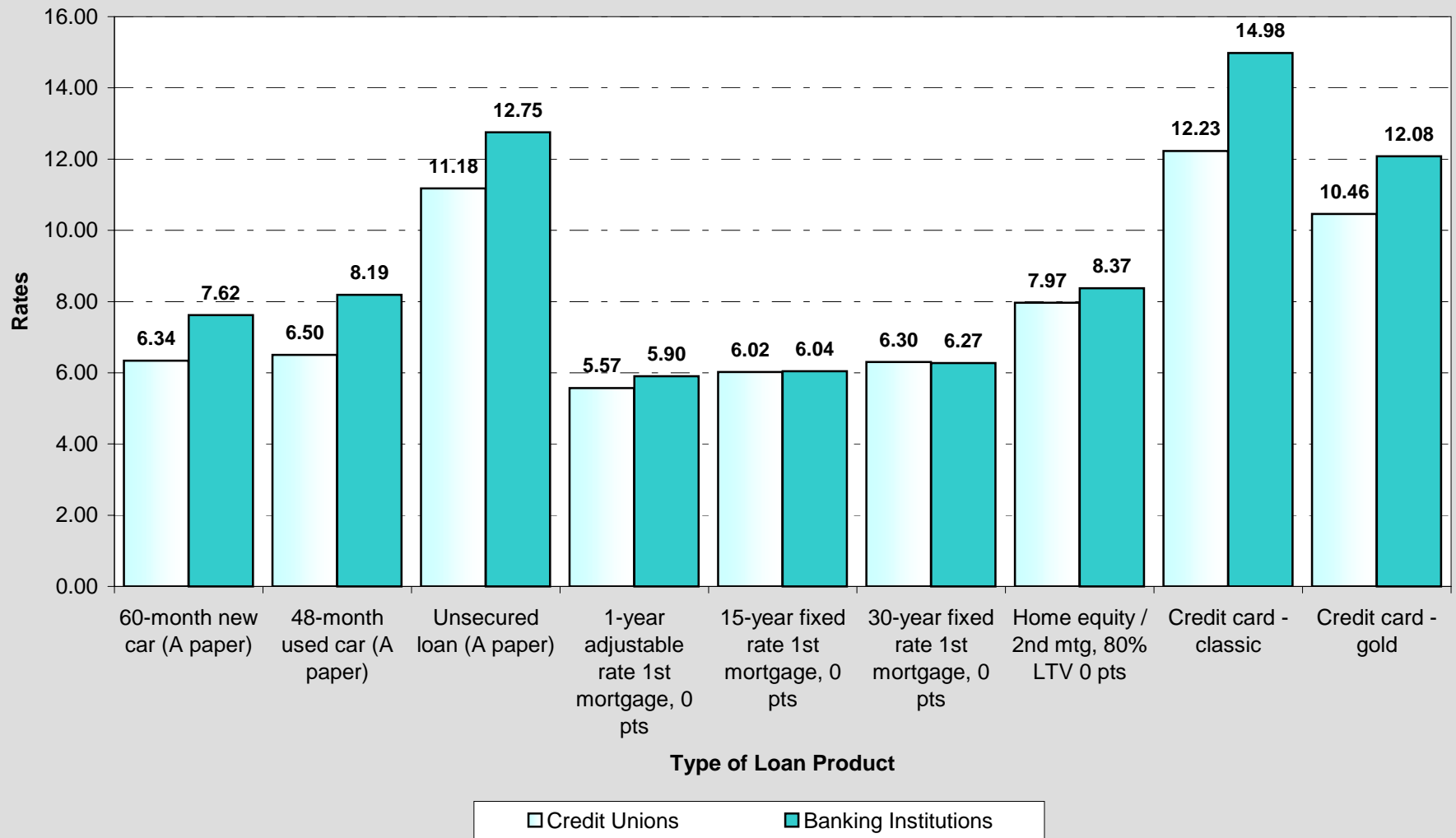
Credit unions also pay members higher average dividends on the following accounts: regular savings, money market accounts, certificate accounts, IRAs.



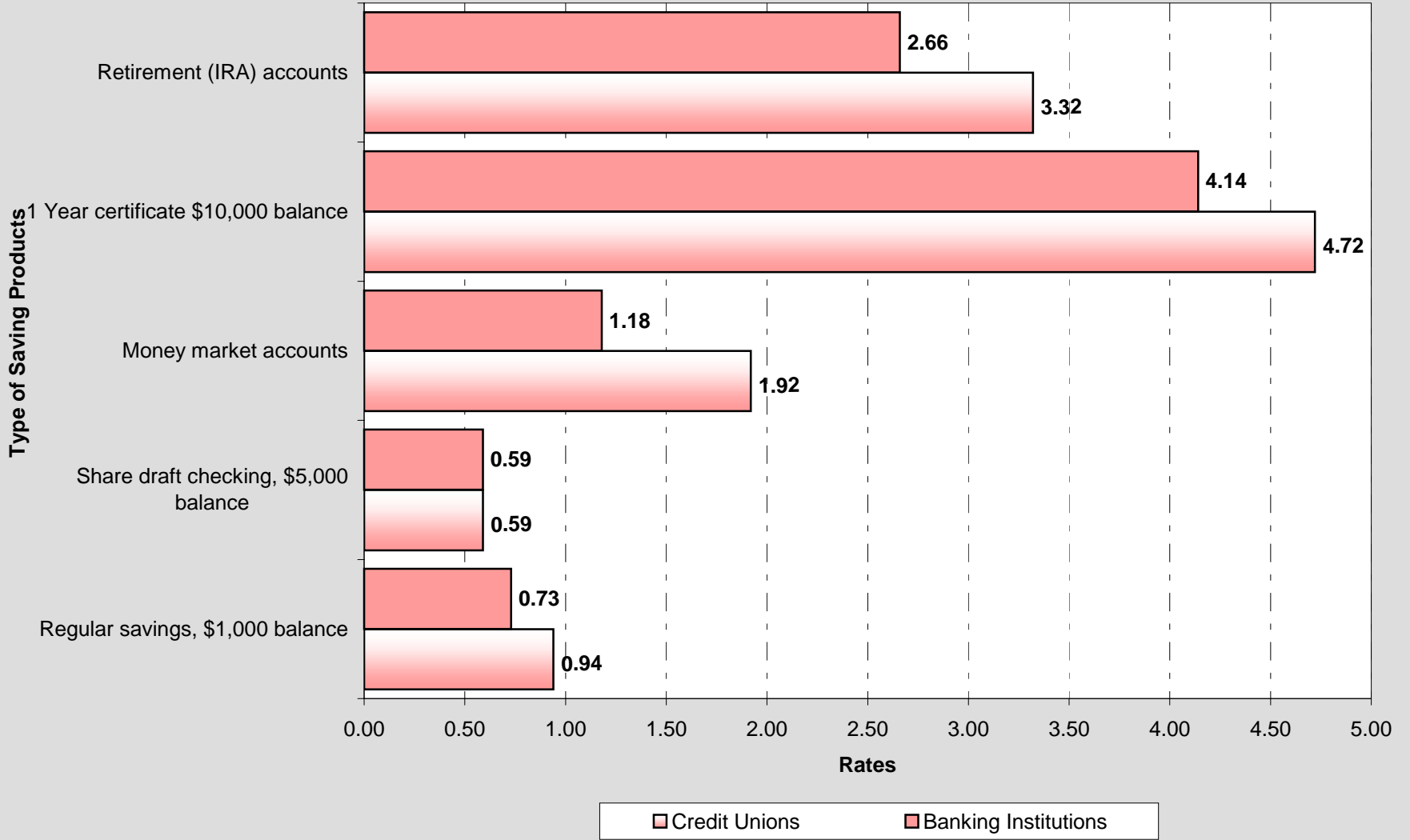
Source: Datatrac, NCUA, and CUNA.

(1) Assumes 1.9 credit union members per household.

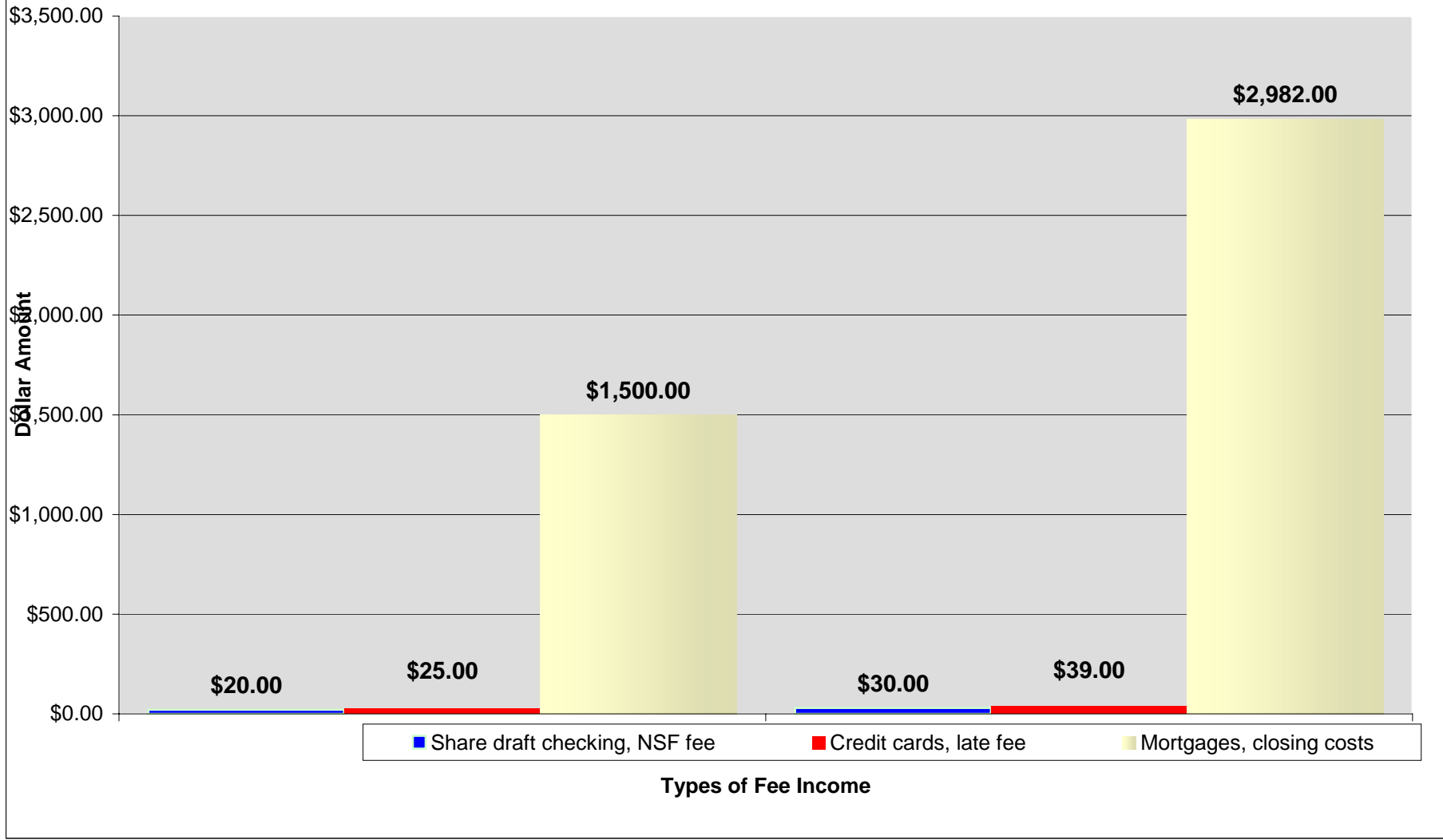
Recent Comparative Interest Rates for Loan Products Credit Unions vs. Banking Institutions



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



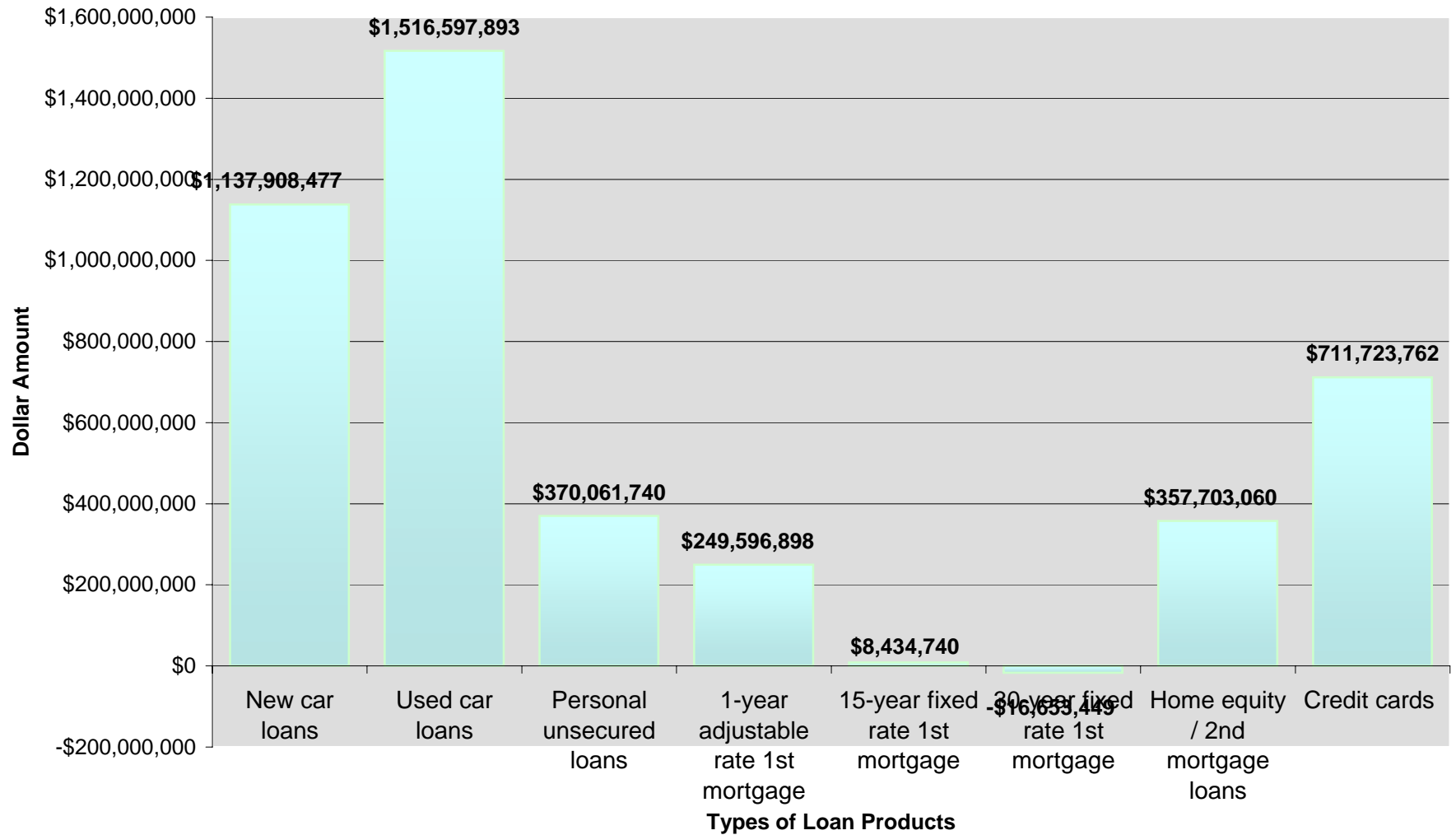
Selected Credit Union Fees Compared to Banking Institutions



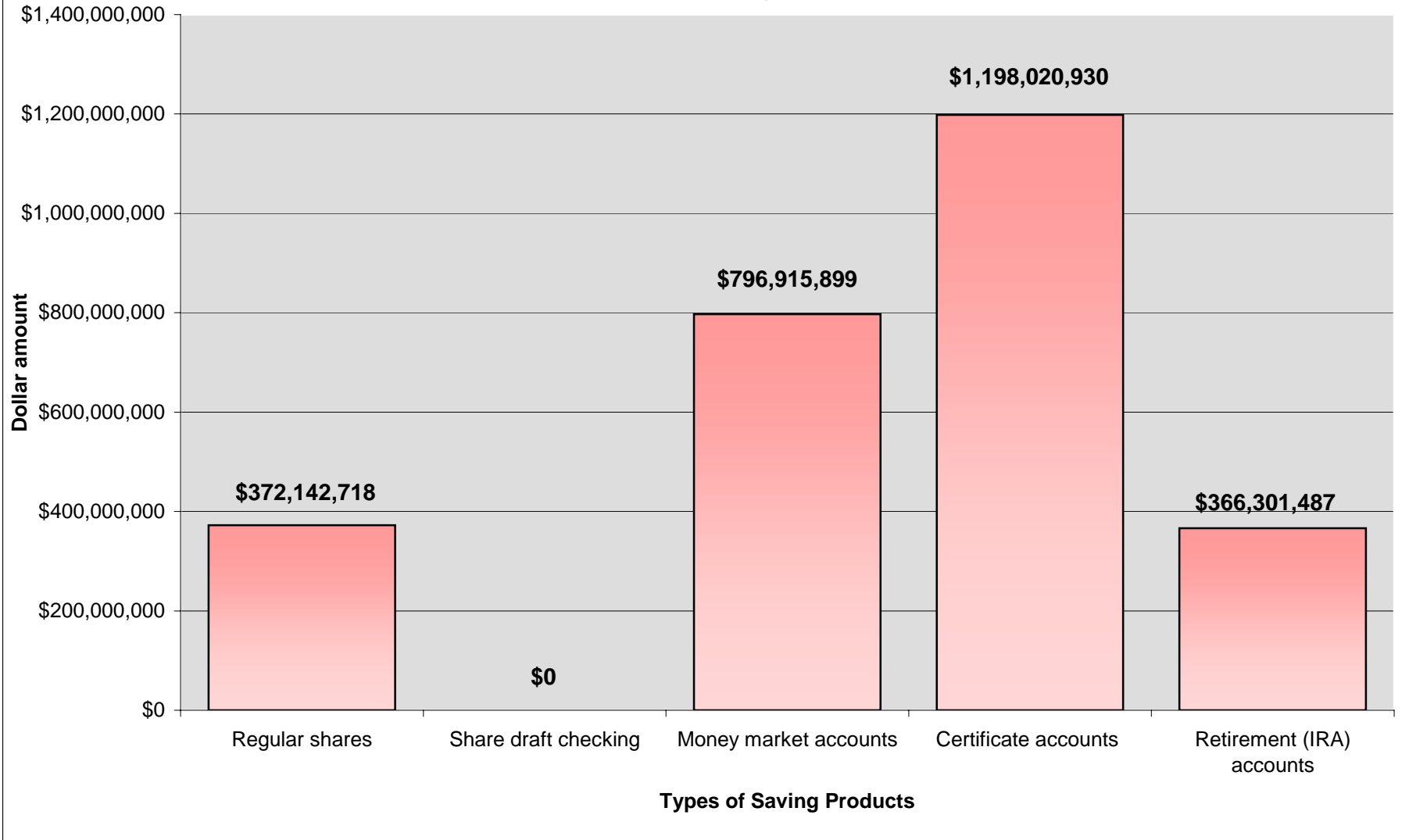
**Recent Credit Union and
Banking Institution
Average Interest Rates**

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	6.34	7.62	-1.28
48-month used car (A paper)	6.50	8.19	-1.69
Unsecured loan (A paper)	11.18	12.75	-1.57
1-year adjustable rate 1st mortgage, 0 pts	5.57	5.90	-0.33
15-year fixed rate 1st mortgage, 0 pts	6.02	6.04	-0.02
30-year fixed rate 1st mortgage, 0 pts	6.30	6.27	0.03
Home equity / 2nd mtg, 80% LTV 0 pts	7.97	8.37	-0.40
Credit card - classic	12.23	14.98	-2.75
Credit card - gold	10.46	12.08	-1.62
Savings Products			
Regular savings, \$1,000 balance	0.94	0.73	0.21
Share draft checking, \$5,000 balance	0.59	0.59	0.00
Money market accounts	1.92	1.18	0.74
1 Year certificate \$10,000 balance	4.72	4.14	0.58
Retirement (IRA) accounts	3.32	2.66	0.66
Fee Income			
Share draft checking, NSF fee	\$20.00	\$30.00	-\$10.00
Credit cards, late fee	\$25.00	\$39.00	-\$14.00
Mortgages, closing costs	\$1,500.00	\$2,982.00	-\$1,482.00

Estimated Credit Union Loan Rate Benefits Compared to Banking Institutions



Estimated Credit Union Savings Dividend Benefits Compared to Banking Institutions



Estimated Credit Union Financial Benefits Year-End 2007

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Banks (%) (2)	Total Financial Benefit to Members
New car loans	88,899,099,748	-1.28	\$1,137,908,477
Used car loans	89,739,520,285	-1.69	\$1,516,597,893
Personal unsecured loans	23,570,811,480	-1.57	\$370,061,740
1-year adjustable rate 1st mortgage	75,635,423,598	-0.33	\$249,596,898
15-year fixed rate 1st mortgage	42,173,700,795	-0.02	\$8,434,740
30-year fixed rate 1st mortgage	55,511,497,412	0.03	-\$16,653,449
Home equity / 2nd mortgage loans	89,425,765,105	-0.40	\$357,703,060
Credit cards	28,843,921,478	-2.75	\$711,723,762
Interest rebates in period			\$74,127,983
Total CU member benefit arising from lower interest rates on loan products:			\$4,409,501,105
 <u>Savings</u>			
Regular shares	177,210,817,912	0.21	\$372,142,718
Share draft checking	72,225,880,883	0.00	\$0
Money market accounts	107,691,337,728	0.74	\$796,915,899
Certificate accounts	206,555,332,840	0.58	\$1,198,020,930
Retirement (IRA) accounts	55,500,225,343	0.66	\$366,301,487
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$2,733,381,035
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$3,830,892,838
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$10,973,774,977
 Total CU member benefit / member:			\$126
Total CU member benefit / member household:			\$239

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;

**National
Performance Profile**

Demographic Information	Dec-07	Dec-06
Number of branches	20,845	20,288
Total assets (\$ mil)	770,097,112,725	726,208,381,977
Total loans (\$ mil)	539,543,542,823	506,686,400,255
Total surplus funds (\$ mil)	199,252,009,471	190,548,053,897
Total savings (\$ mil)	646,817,572,325	615,302,995,409
Total members (thousands)	88,494,143	87,385,717
Growth Rates		
Total assets	7.0 %	5.6 %
Total loans	7.5 %	8.5 %
Total surplus funds	5.4 %	-2.4 %
Total savings	6.1 %	5.1 %
Total members	2.4 %	2.4 %
Earnings - Basis Pts.		
Yield on total assets	592	552
- Dividend/interest cost of assets	280	235
+ Fee & other income	136	130
- Operating expense	340	333
- Loss Provisions	43	31
= Net Income (ROA)	65	82
Capital adequacy		
Net worth / assets	11.4	11.5
Asset quality		
Delinquencies / loans	0.9	0.7
Net chargeoffs / average loans	0.5	0.5
Total borrower-bankruptcies	19	14
Bankruptcies per 1000 members	1.8	1.4
Asset/Liability Management		
Loans / savings	83.4	82.4
Loans / assets	70.1	69.8
Long-term assets / assets	29.3	26.4
Core deposits/shares & borrowings	37.1	41.0
Productivity		
Members/potential members	7.3	7.8
Borrowers/members	50.8	50.3
Members/FTE	374	383
Average shares/members (\$)	7,309	7,041
Average loan balances (\$)	12,008	11,525
Salary & Benefits/FTE	53,630	51,601