

# ***The Benefits of Membership***

*Customized Analysis of Member Benefits For:*

**Delaware**

***December 2011***

*Prepared by:*

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Economics and Statistics Department***



# Delaware

## *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 Delaware credit unions provided \$14,428,569 in direct financial benefits to the state's 213,335 members during the twelve months ending December 2011.

**These benefits are equivalent to \$68 per member or \$129 per member household <sup>(1)</sup>.**

Estimated total benefits of credit union membership are calculated by accounting for differences in credit union and bank pricing. Specifically, average credit union savings account yields, loan interest rates and fees are compared to average bank savings account yields, loan interest rates and fees. The interest rate differences are then applied to respective average credit union loan and savings balances. Fee differences are weighted and applied to credit union non-interest income to obtain the total estimated benefits arising from fees.

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

Consider this:

**Financing a \$25,000 new automobile for 60 months at a Delaware credit union will save members an average \$188 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.

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

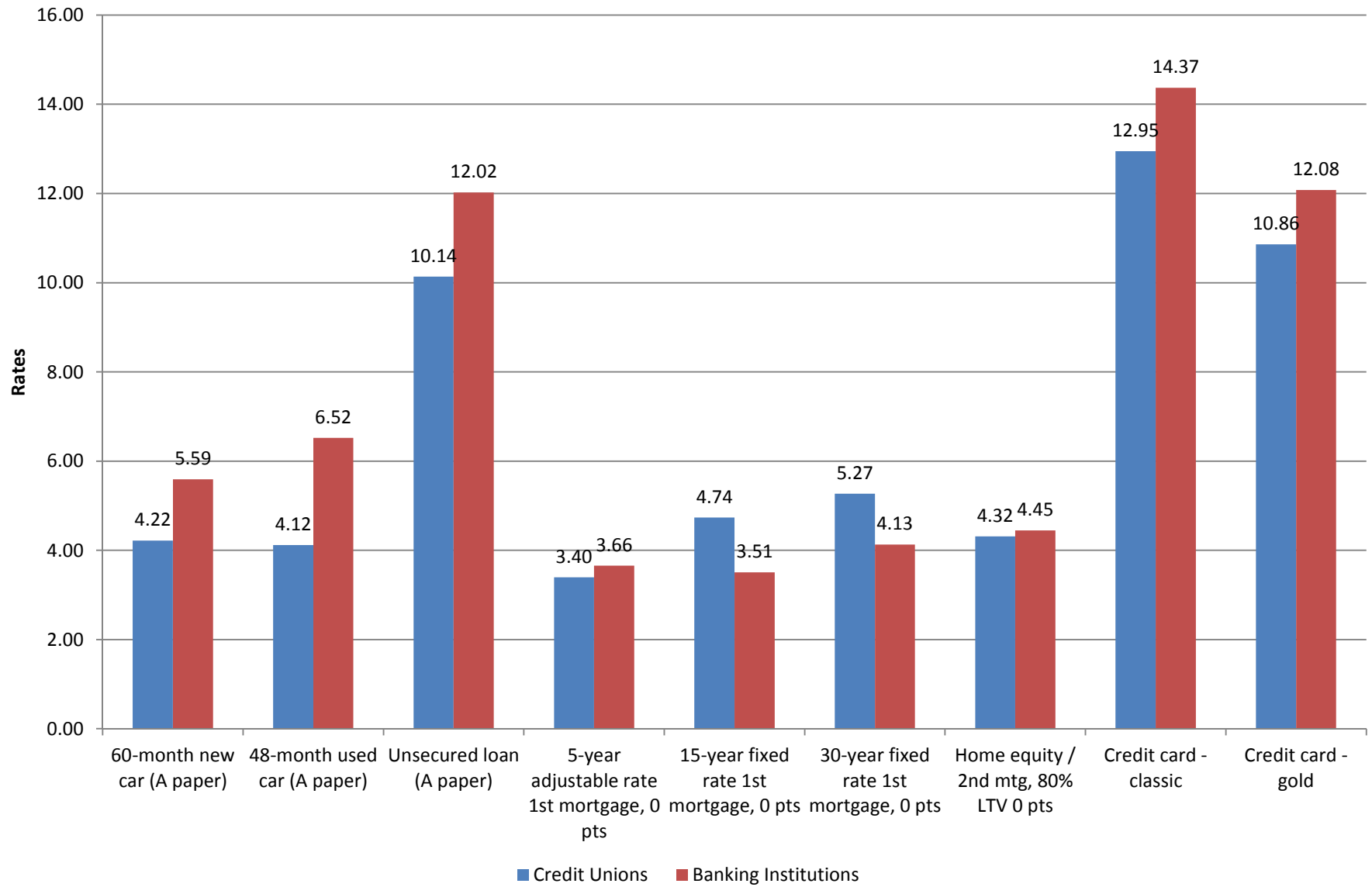
Delaware credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



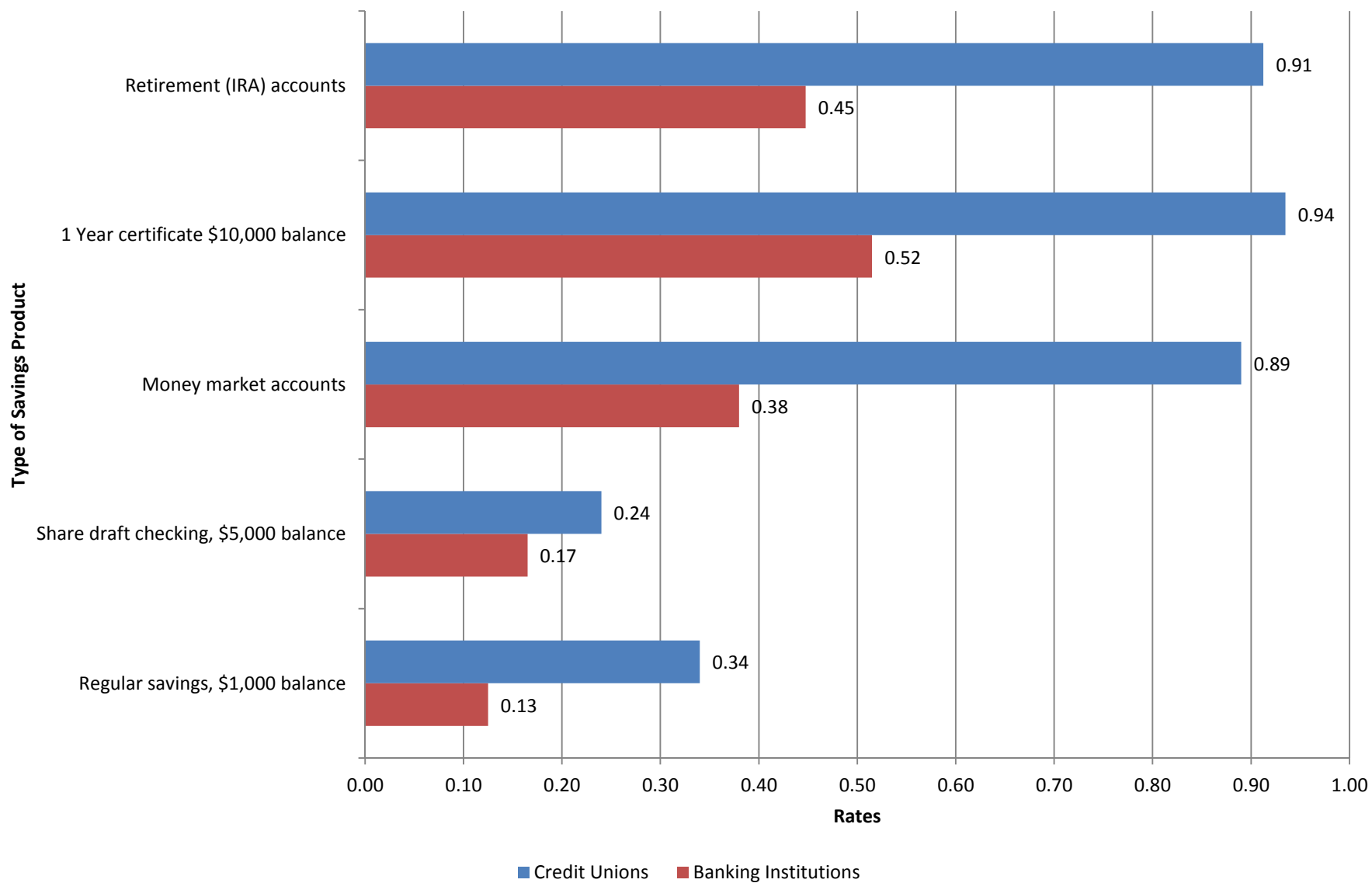
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Source: Datatrac, NCUA, and CUNA.  
(1) Assumes 1.9 credit union members per household.

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



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



# Selected December 2011 Fees Credit Unions vs Banking Institutions

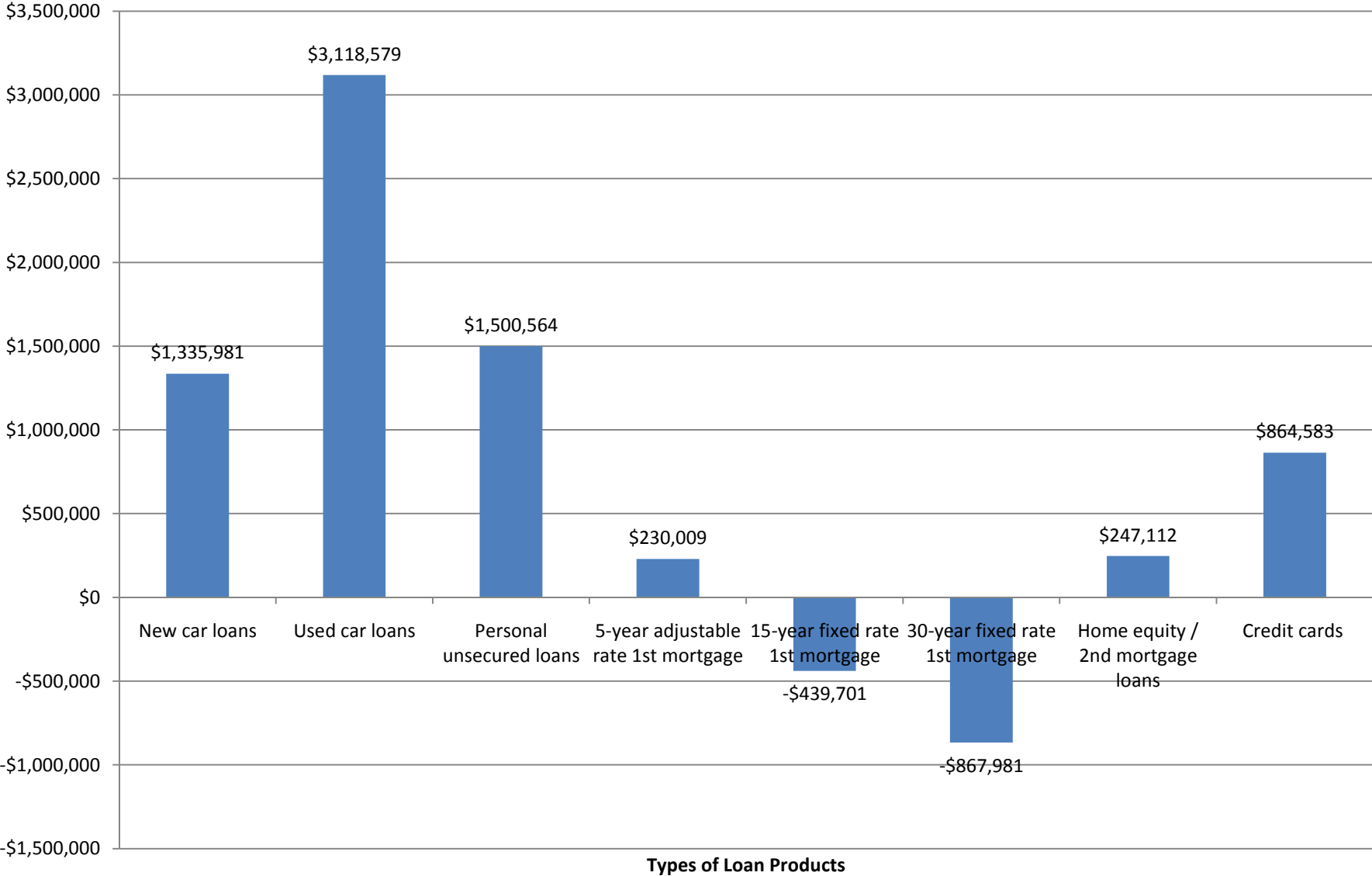


**Delaware**  
**Credit Union and Banking Institution**  
**Year-end 2011 Average Interest Rates and Fees**

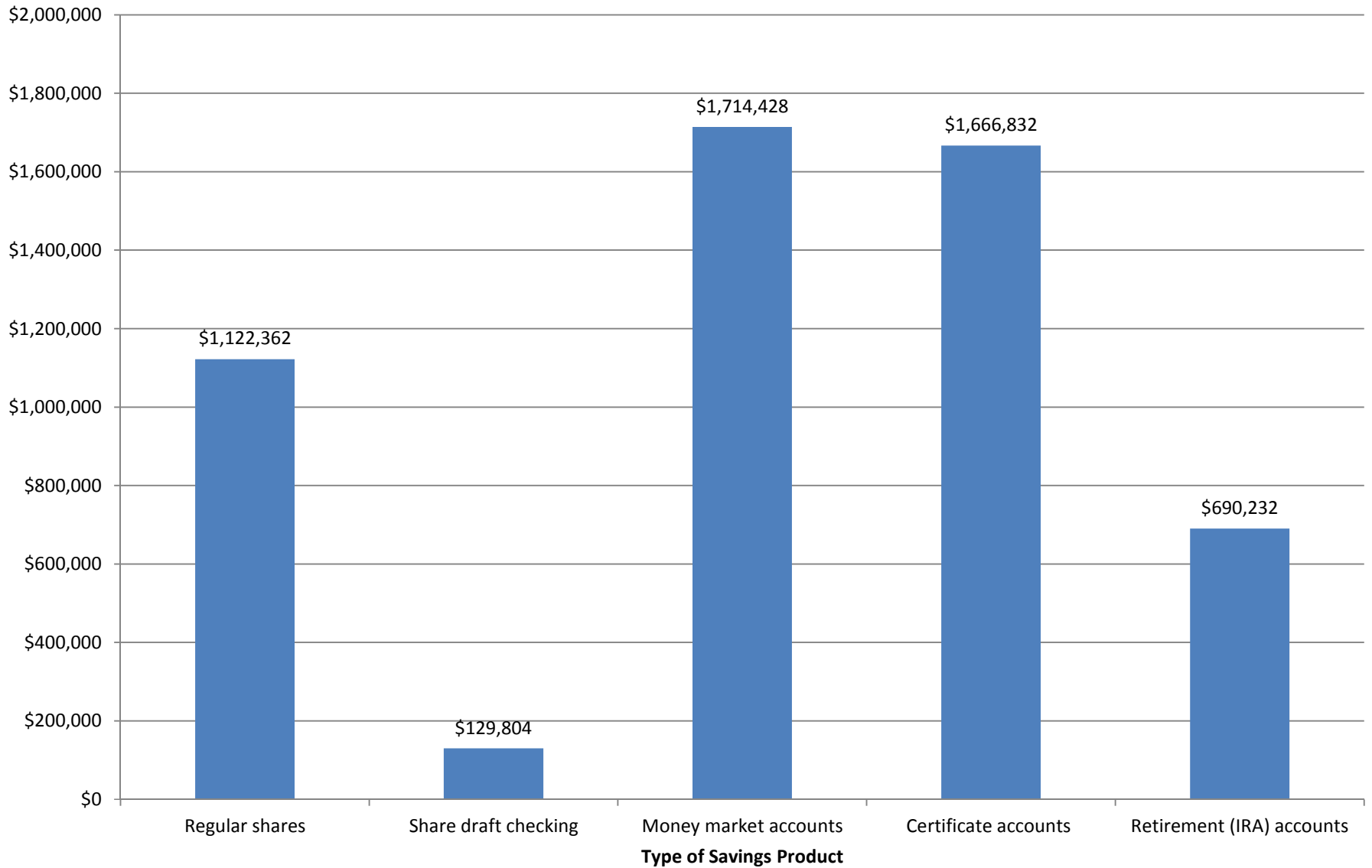
<b>Loan Products</b>	<b>Average Rate at Credit Unions (%)</b>	<b>Average Rate at Banks (%)</b>	<b>Rate Difference vs. Banks (%)</b>
60-month new car (A paper)	4.22	5.59	-1.37
48-month used car (A paper)	4.12	6.52	-2.40
Unsecured loan (A paper)	10.14	12.02	-1.89
5-year adjustable rate 1st mortgage, 0 pts	3.40	3.66	-0.26
15-year fixed rate 1st mortgage, 0 pts	4.74	3.51	1.23
30-year fixed rate 1st mortgage, 0 pts	5.27	4.13	1.14
Home equity / 2nd mtg, 80% LTV 0 pts	4.32	4.45	-0.13
Credit card - classic	12.95	14.37	-1.42
Credit card - gold	10.86	12.08	-1.22
<b>Savings Products</b>			
Regular savings, \$1,000 balance	0.34	0.13	0.22
Share draft checking, \$5,000 balance	0.24	0.17	0.08
Money market accounts	0.89	0.38	0.51
1 Year certificate \$10,000 balance	0.94	0.52	0.42
Retirement (IRA) accounts	0.91	0.45	0.47
<b>Fee Income</b>			
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 Total Loan Rate Benefit Credit Unions vs Banking Institutions



## Estimated Total Savings Dividend Benefit Credit Unions vs. Banking Institutions



## Estimated Delaware Credit Unions Financial Benefits Year-end 2011

### Loans

	Avg. Balance at Credit Unions (1)	Rate Difference vs. Delaware Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	97,516,887	-1.37	\$1,335,981
Used car loans	129,940,773	-2.40	\$3,118,579
Personal unsecured loans	79,605,532	-1.89	\$1,500,564
5-year adjustable rate 1st mortgage	88,465,045	-0.26	\$230,009
15-year fixed rate 1st mortgage	35,748,078	1.23	-\$439,701
30-year fixed rate 1st mortgage	76,138,656	1.14	-\$867,981
Home equity / 2nd mortgage loans	190,086,242	-0.13	\$247,112
Credit cards	63,108,240	-1.42	\$864,583
Interest rebates in period			\$0
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$5,989,146</b>

### Savings

Regular shares	522,028,866	0.22	\$1,122,362
Share draft checking	173,072,354	0.08	\$129,804
Money market accounts	336,162,416	0.51	\$1,714,428
Certificate accounts	396,864,672	0.42	\$1,666,832
Retirement (IRA) accounts	148,436,988	0.47	\$690,232
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on saving products:</b>			<b>\$5,323,658</b>

### Fee Income

**Total CU member benefit arising from fewer/lower fees:** \$3,115,764

**Total CU member benefit arising from interest rates on loan and savings products and lower fees:** \$14,428,569

**Total CU member benefit / member:** \$68

**Total CU member benefit / member household:** \$129

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of September 2011 and September 2010, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

**Delaware  
Performance Profile**

<b>Demographic Information</b>	<b>Dec 11</b>	<b>Dec 10</b>
Number of branches	62	60
Total assets (\$ mil)	1,832	1,766
Total loans (\$ mil)	762	789
Total surplus funds (\$ mil)	984	891
Total savings (\$ mil)	1,622	1,570
Total members (thousands)	210	216
<b>Growth Rates (Trailing 12 months) *</b>		
Total assets	3.8 %	5.2 %
Total loans	-3.5 %	-3.2 %
Total surplus funds	10.4 %	13.3 %
Total savings	3.3 %	5.6 %
Total members	-2.8 %	0.3 %
<b>Earnings - Basis Pts. *</b>		
Yield on total assets	394	435
Dividend/interest cost of assets	81	121
Fee & other income	120	118
Operating expense	332	348
Loss Provisions	57	68
Net Income (ROA) after stabilization exp	44	17
<b>Capital adequacy</b>		
Net worth / assets	10.4	10.4
<b>Asset quality *</b>		
Delinquencies / loans	2.8	2.9
Net chargeoffs / average loans	1.3	1.5
Total borrower-bankruptcies	15	11
Bankruptcies per 1000 members	1.9	1.3
<b>Asset/Liability Management</b>		
Loans / savings	47.0	50.3
Loans / assets	41.6	44.7
Long-term assets / assets	36.7	36.3
Core deposits/shares & borrowings	44.4	42.6
<b>Productivity</b>		
Members/potential members	8.9	9.4
Borrowers/members	35.0	35.0
Members/FTE	429	433
Average shares/members (\$)	7,714	7,257
Average loan balances (\$)	10,362	10,425
Salary & Benefits/FTE	52,122	51,286

\* Earnings, net chargeoffs, and bankruptcies are year-to-date numbers annualized. Due to significant seasonal variation, balance sheet growth rates are for the trailing 12 months.