

# ***The Benefits of Membership***

*Customized Analysis of Member Benefits For:*

**District of Columbia**

*June 2011*

*Prepared by:*

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



# *District of Columbia*

## *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 District of Columbia credit unions provided \$50,580,859 in direct financial benefits to the state's 388,571 members during the twelve months ending June 2011.

**These benefits are equivalent to \$130 per member or \$247 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 District of Columbia 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 District of Columbia credit unions.

Consider this:

**Financing a \$25,000 new automobile for 60 months at a District of Columbia credit union will save members an average \$125 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.

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

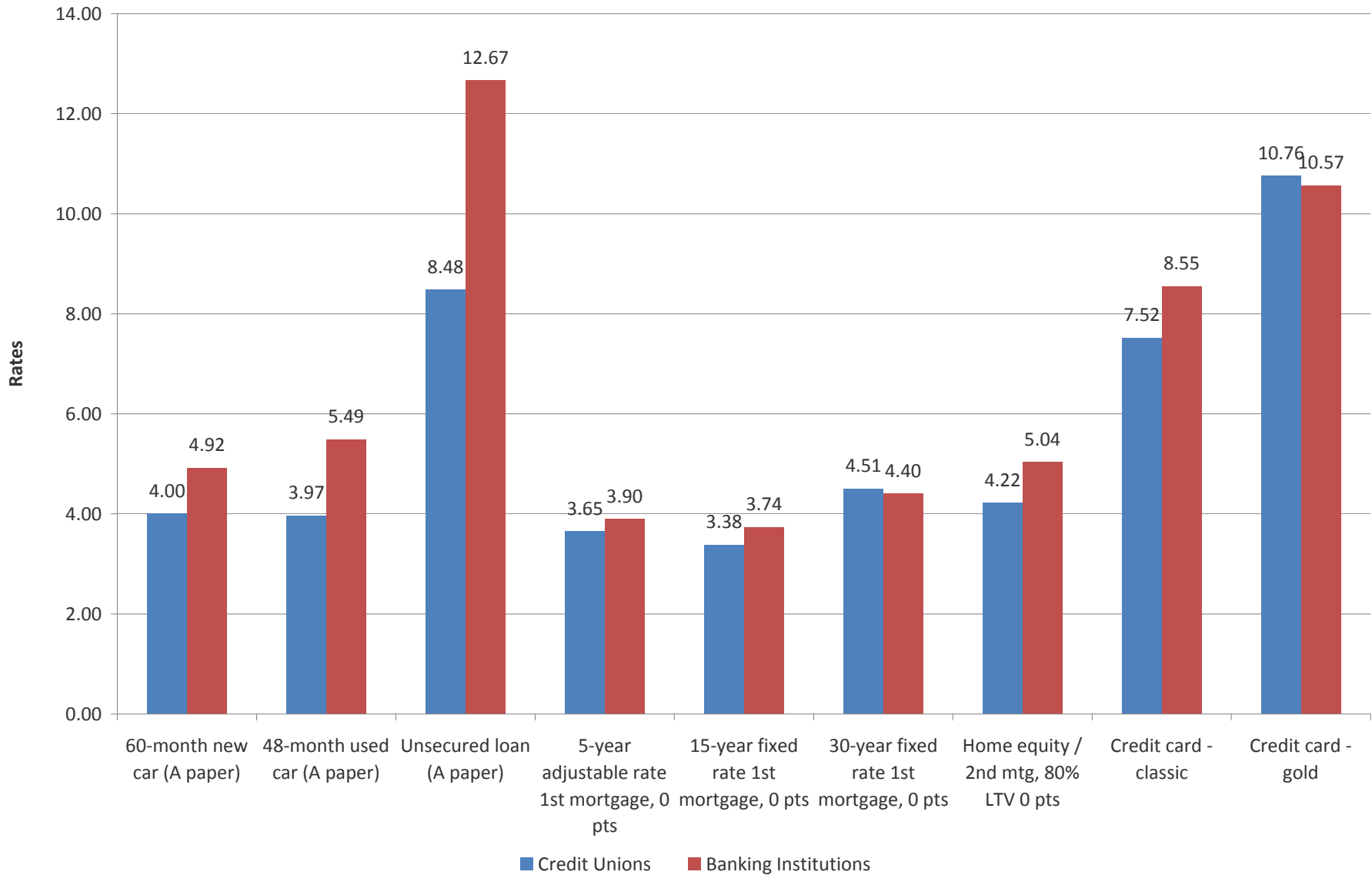
District of Columbia credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



Source: Datatrac, NCUA, and CUNA.

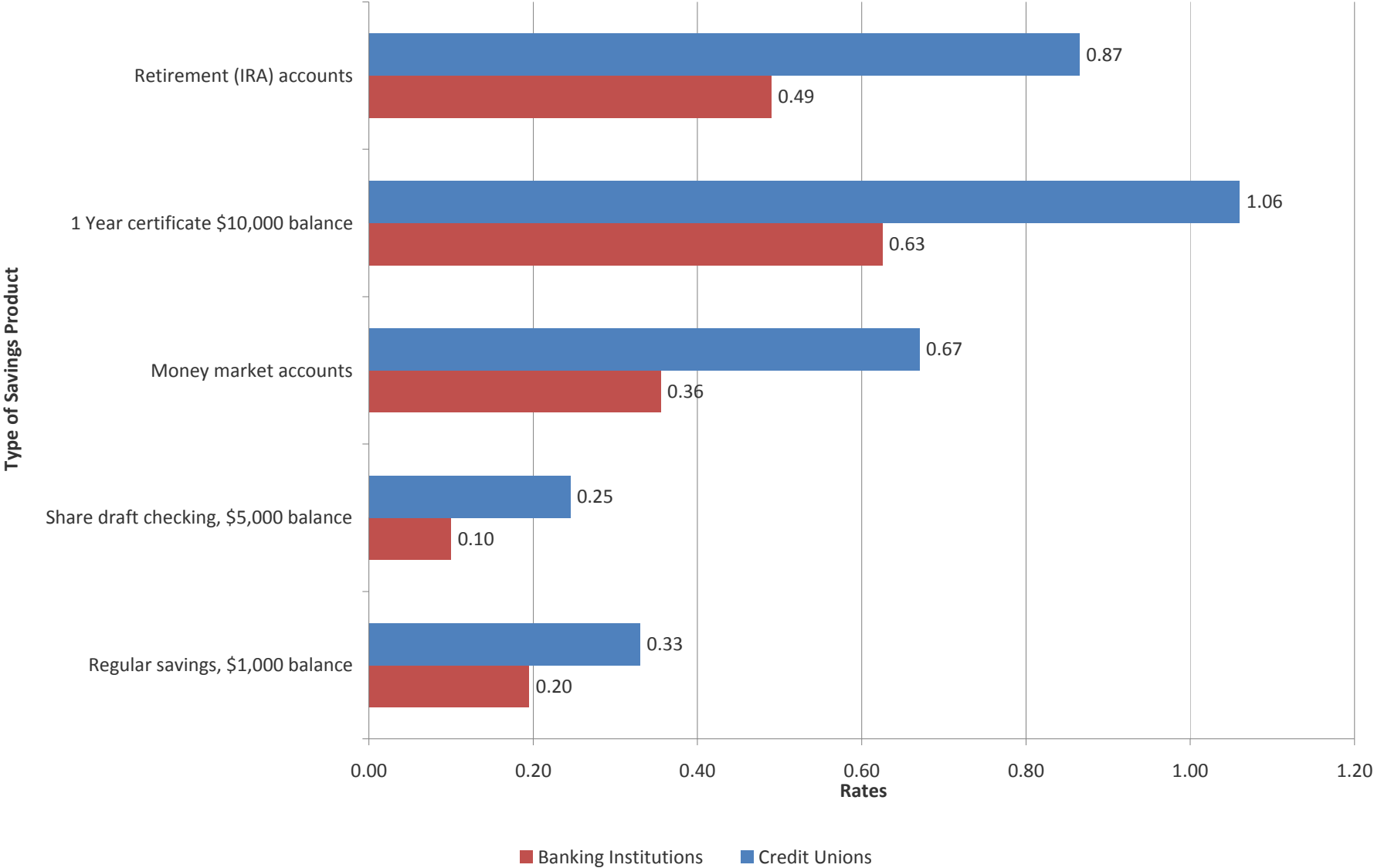
(1) Assumes 1.9 credit union members per household.

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

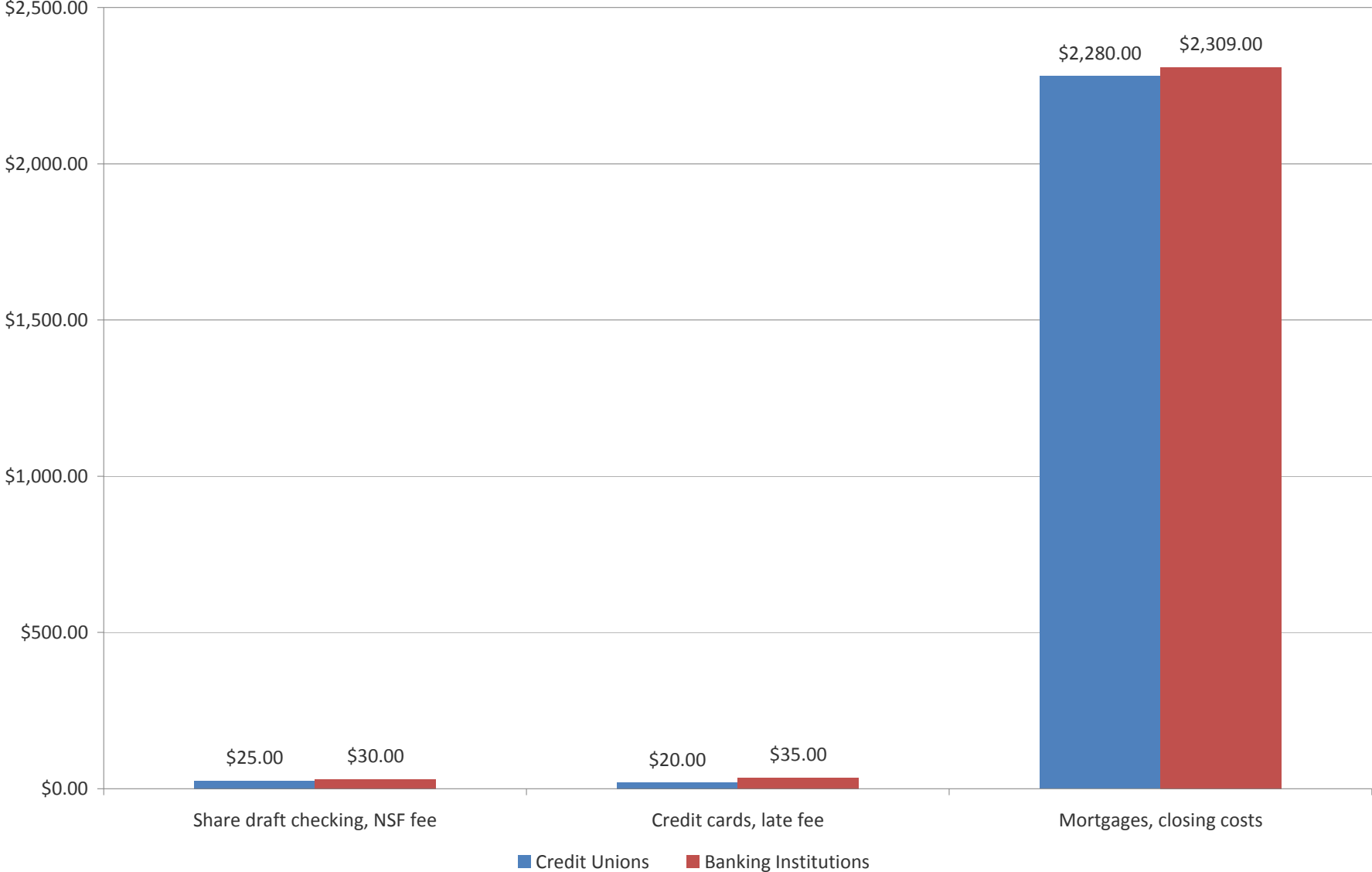


# Recent Comparative Interest Rates for Savings Products

## Credit Unions vs. Banking Institutions



# Selected June 2011 Fees Credit Unions vs Banking Institutions

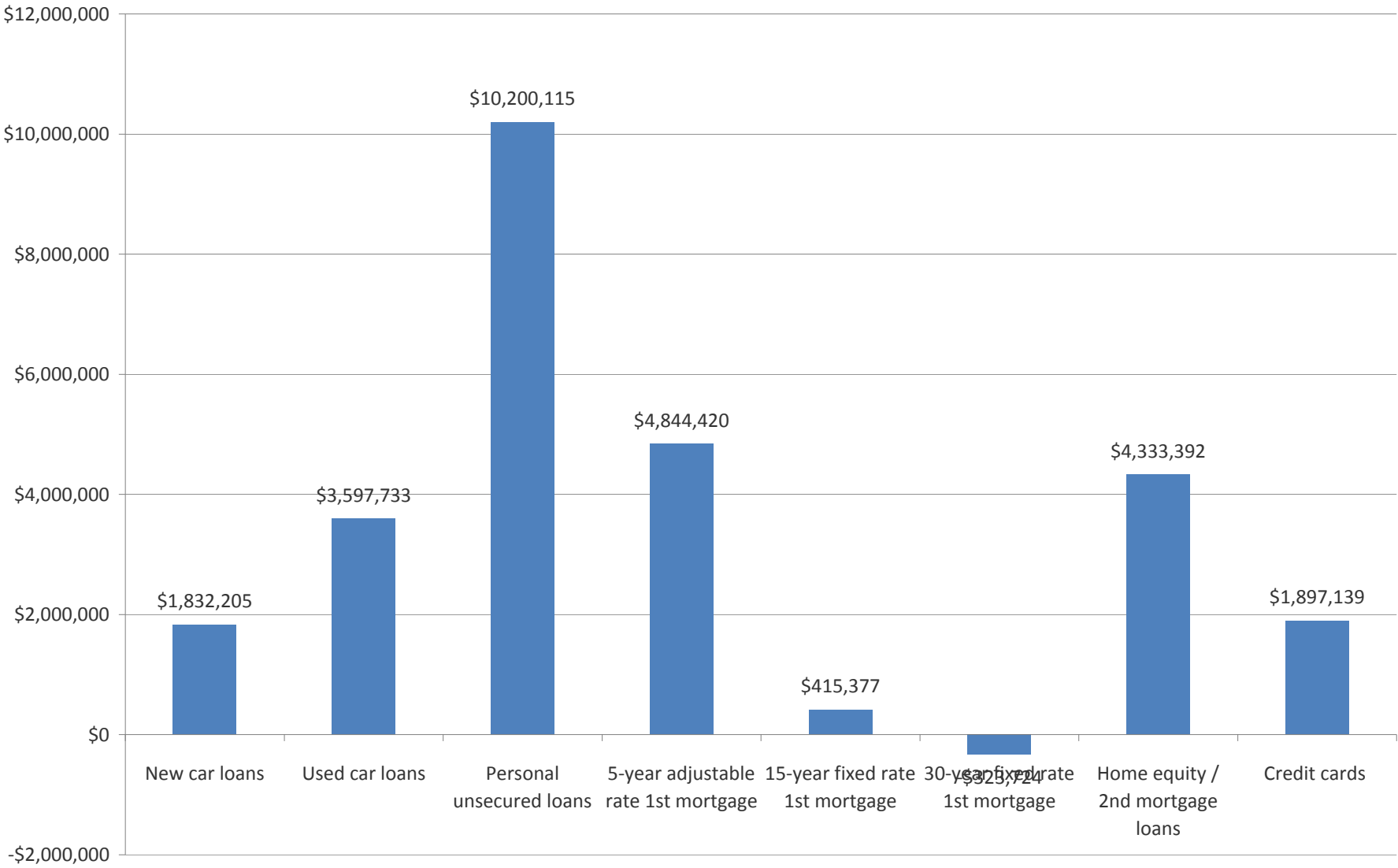


**District Of Columbia**  
**Credit Union and Banking Instituion**  
**Mid-Year 2011 Average Interest Rates and Fees**

<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)	4.00	4.92	-0.92
48-month used car (A paper)	3.97	5.49	-1.52
Unsecured loan (A paper)	8.48	12.67	-4.19
5-year adjustable rate 1st mortgage, 0 pts	3.65	3.90	-0.25
15-year fixed rate 1st mortgage, 0 pts	3.38	3.74	-0.36
30-year fixed rate 1st mortgage, 0 pts	4.51	4.40	0.11
Home equity / 2nd mtg, 80% LTV 0 pts	4.22	5.04	-0.82
Credit card - classic	7.52	8.55	-1.03
Credit card - gold	10.76	10.57	0.19
<b>Savings Products</b>			
Regular savings, \$1,000 balance	0.33	0.20	0.14
Share draft checking, \$5,000 balance	0.25	0.10	0.15
Money market accounts	0.67	0.36	0.32
1 Year certificate \$10,000 balance	1.06	0.63	0.44
Retirement (IRA) accounts	0.87	0.49	0.38
<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

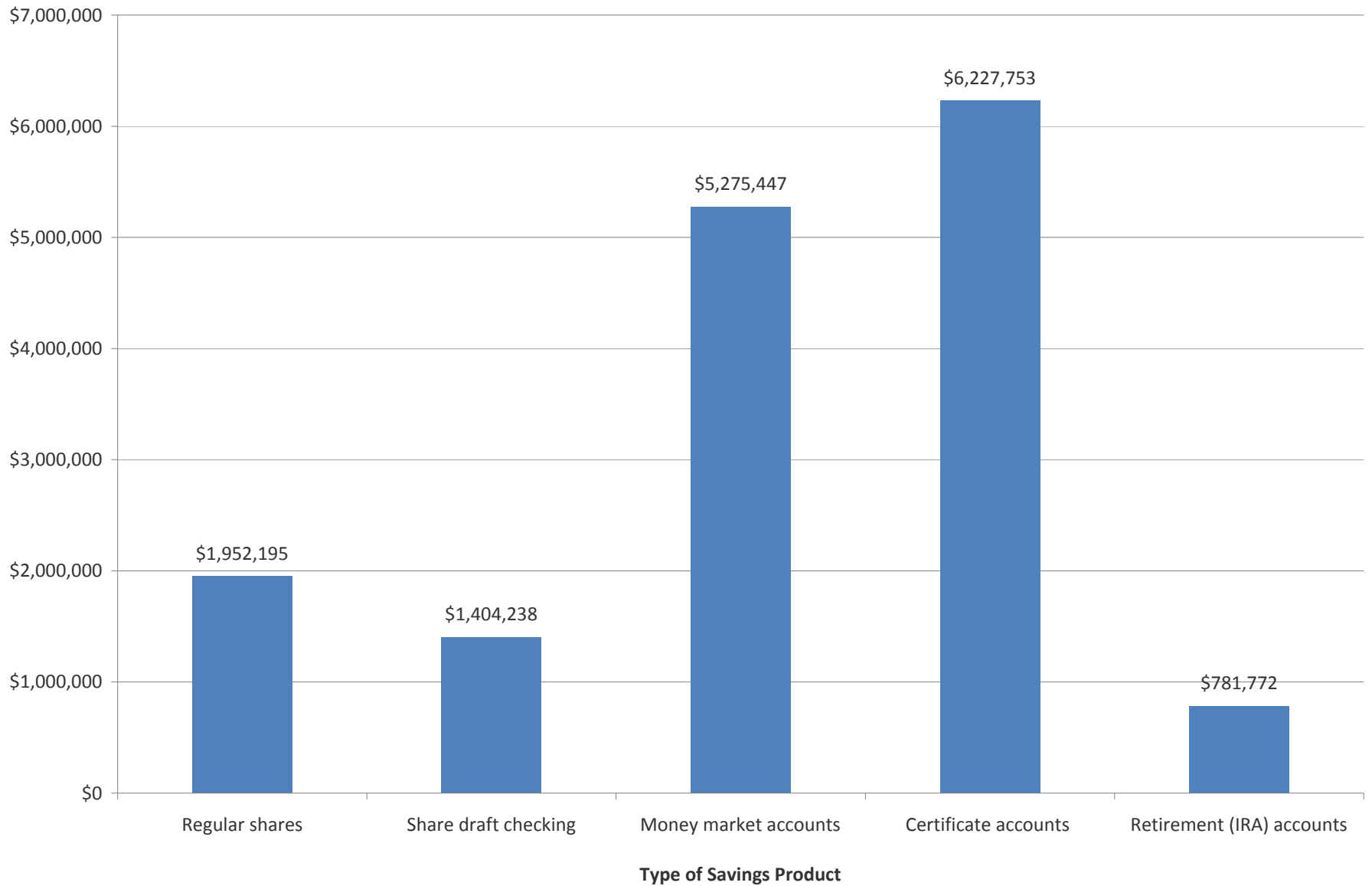
Source: Datatrac

# Estimated Total Loan Rate Benefit Credit Unions vs Banking Institutions



Types of Loan Products

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



## Estimated District of Columbia Credit Unions Financial Benefits Mid-Year 2011

### Loans

	Avg. Balance at Credit Unions (1)	Rate Difference vs. District Of Columbia Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	199,152,667	-0.92	\$1,832,205
Used car loans	236,692,989	-1.52	\$3,597,733
Personal unsecured loans	243,730,341	-4.19	\$10,200,115
5-year adjustable rate 1st mortgage	1,977,314,275	-0.25	\$4,844,420
15-year fixed rate 1st mortgage	117,007,579	-0.36	\$415,377
30-year fixed rate 1st mortgage	308,309,005	0.11	-\$323,724
Home equity / 2nd mortgage loans	531,704,551	-0.82	\$4,333,392
Credit cards	261,674,288	-1.03	\$1,897,139
Interest rebates in period			\$0
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$26,796,656</b>

### Savings

Regular shares	1,446,070,444	0.14	\$1,952,195
Share draft checking	968,439,968	0.15	\$1,404,238
Money market accounts	1,674,744,957	0.32	\$5,275,447
Certificate accounts	1,431,667,432	0.44	\$6,227,753
Retirement (IRA) accounts	208,472,450	0.38	\$781,772
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on saving products:</b>			<b>\$15,641,405</b>

### Fee Income

**Total CU member benefit arising from fewer/lower fees:** \$8,142,798

**Total CU member benefit arising from interest rates on loan and savings products and lower fees:** \$50,580,859

**Total CU member benefit / member:** \$130

**Total CU member benefit / member household:** \$247

Source: Datatrac, NCUA, and CUNA

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

**District of Columbia  
Performance Profile**

<b>Demographic Information</b>	<b>June 11</b>	<b>June 10</b>
Number of branches	106	112
Total assets (\$ mil)	6,762	6,476
Total loans (\$ mil)	4,008	3,852
Total surplus funds (\$ mil)	2,608	2,468
Total savings (\$ mil)	5,886	5,610
Total members (thousands)	386	391
<b>Growth Rates (Trailing 12 months) *</b>		
Total assets	4.4 %	-9.8 %
Total loans	4.1 %	-12.7 %
Total surplus funds	5.7 %	-4.7 %
Total savings	4.9 %	-9.2 %
Total members	-1.3 %	-19.6 %
<b>Earnings - Basis Pts. *</b>		
Yield on total assets	354	383
Dividend/interest cost of assets	59	86
Fee & other income	81	89
Operating expense	272	272
Loss Provisions	28	31
Net Income (ROA) after stabilization exp	75	59
<b>Capital adequacy</b>		
Net worth / assets	11.5	11.6
<b>Asset quality *</b>		
Delinquencies / loans	1.3	1.4
Net chargeoffs / average loans	0.5	0.5
Total borrower-bankruptcies	660	736
Bankruptcies per 1000 members	1.7	1.9
<b>Asset/Liability Management</b>		
Loans / savings	68.1	68.7
Loans / assets	59.3	59.5
Long-term assets / assets	30.4	23.3
Core deposits/shares & borrowings	42.9	40.6
<b>Productivity</b>		
Members/potential members	18.8	14.9
Borrowers/members	53.6	51.7
Members/FTE	343	330
Average shares/members (\$)	15,246	14,344
Average loan balances (\$)	19,388	19,064
Salary & Benefits/FTE	75,467	71,379

\* 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.