

# ***The Benefits of Membership***

*Customized Analysis of Member Benefits For:*

**Illinois**

***December 2011***

*Prepared by:*

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Economics and Statistics Department***



# Illinois

## ***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 Illinois credit unions provided \$180,874,618 in direct financial benefits to the state's 2,802,458 members during the twelve months ending December 2011.

**These benefits are equivalent to \$65 per member or \$123 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 Illinois 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 Illinois credit unions.

Consider this:

**Financing a \$25,000 new automobile for 60 months at a Illinois credit union will save members an average \$160 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.

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

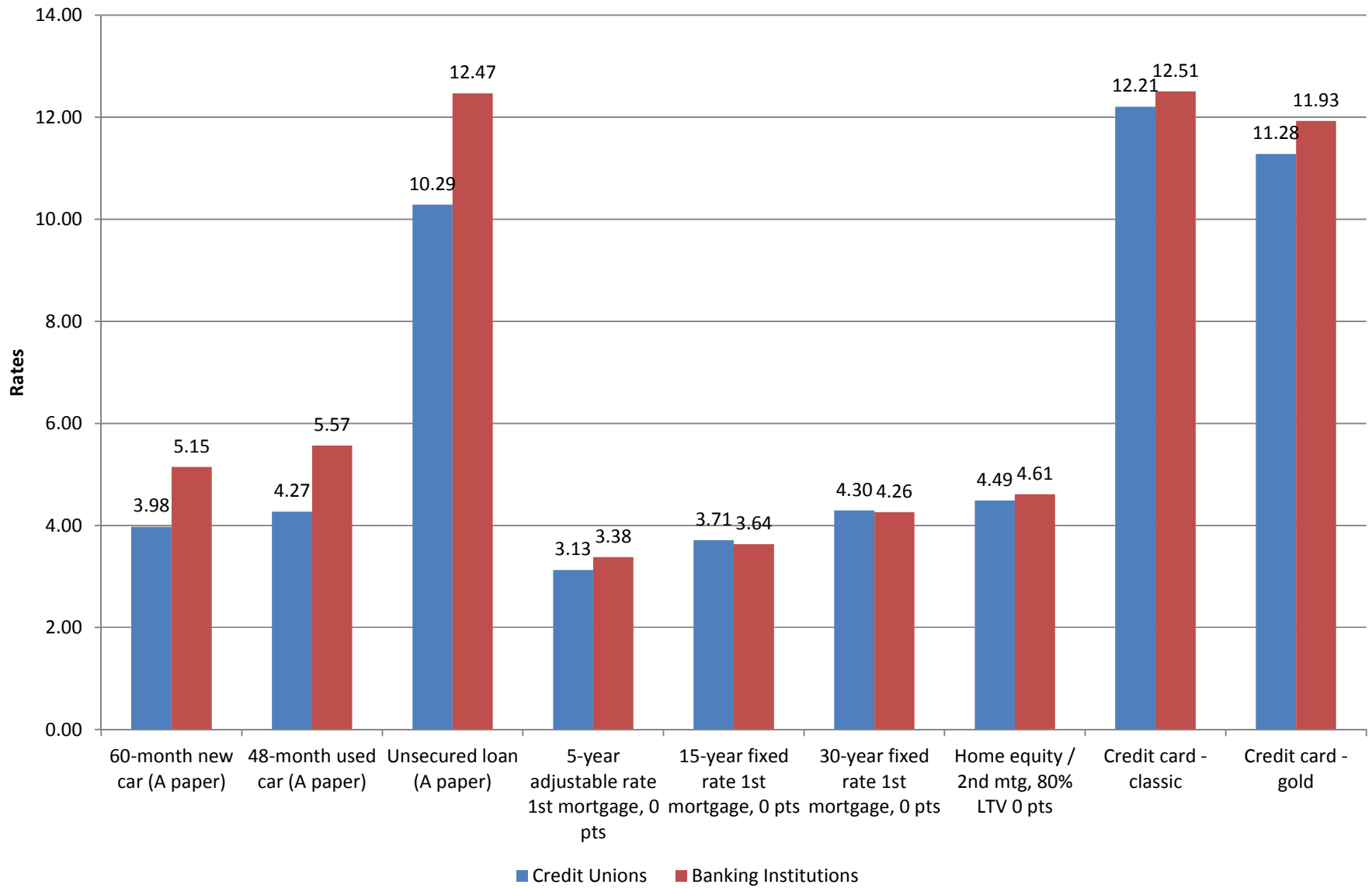
Illinois credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



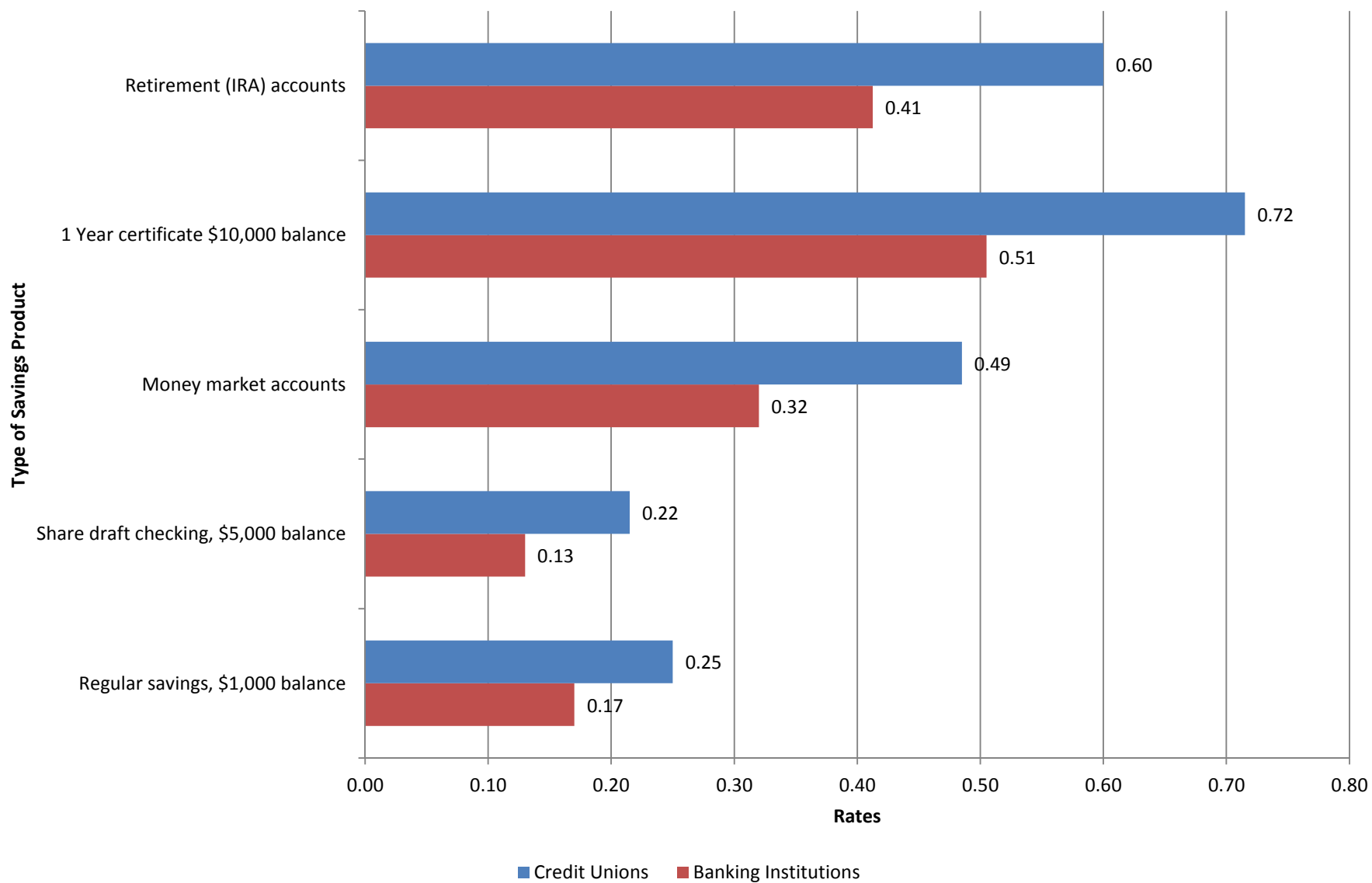
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Source: Datatrac, NCUA, and CUNA.  
(1) Assumes 1.9 credit union members per household.

## 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

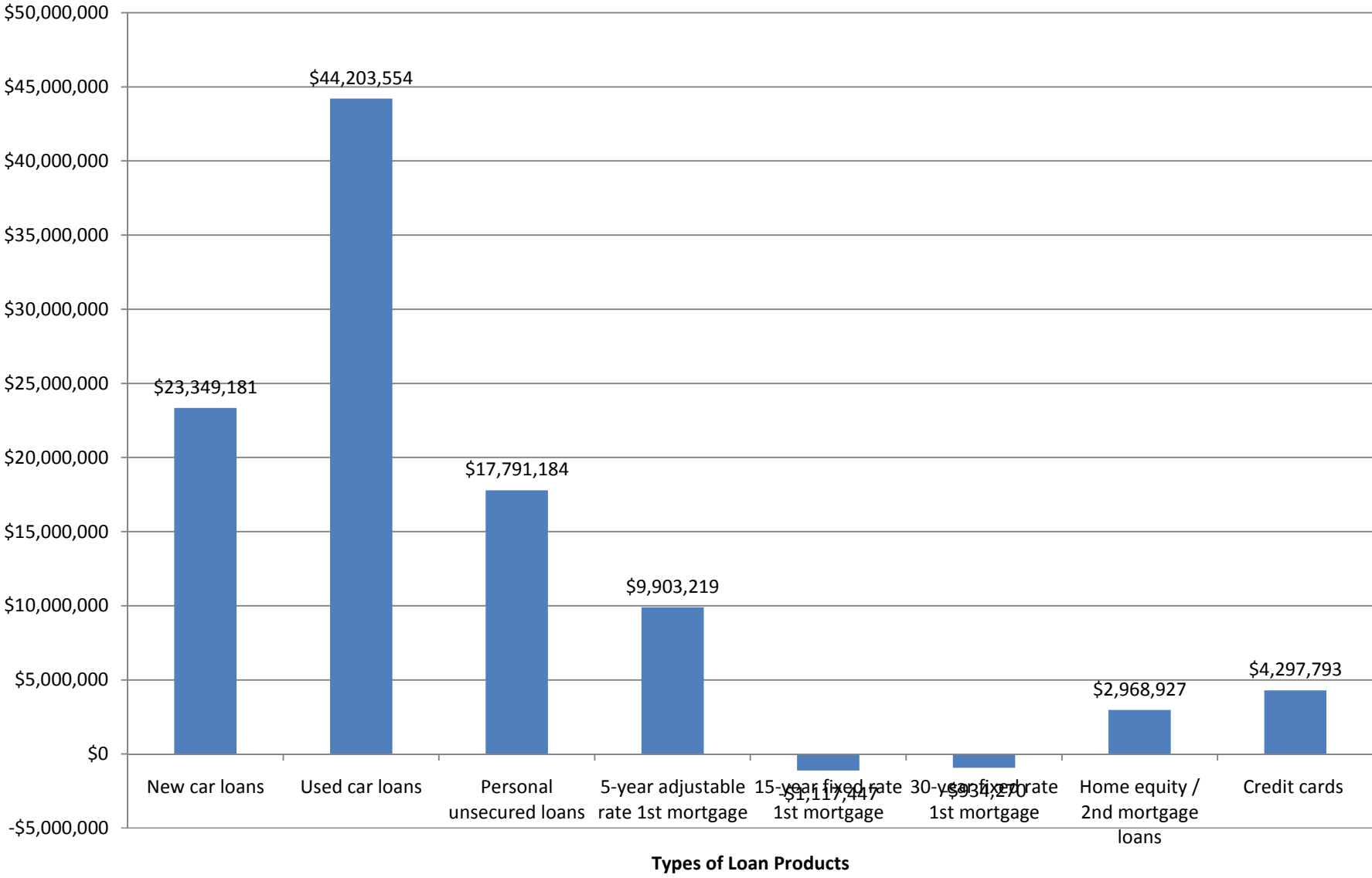


**Illinois**  
**Credit Union and Banking Institution**  
**Year-end 2011 Average Interest Rates and Fees**

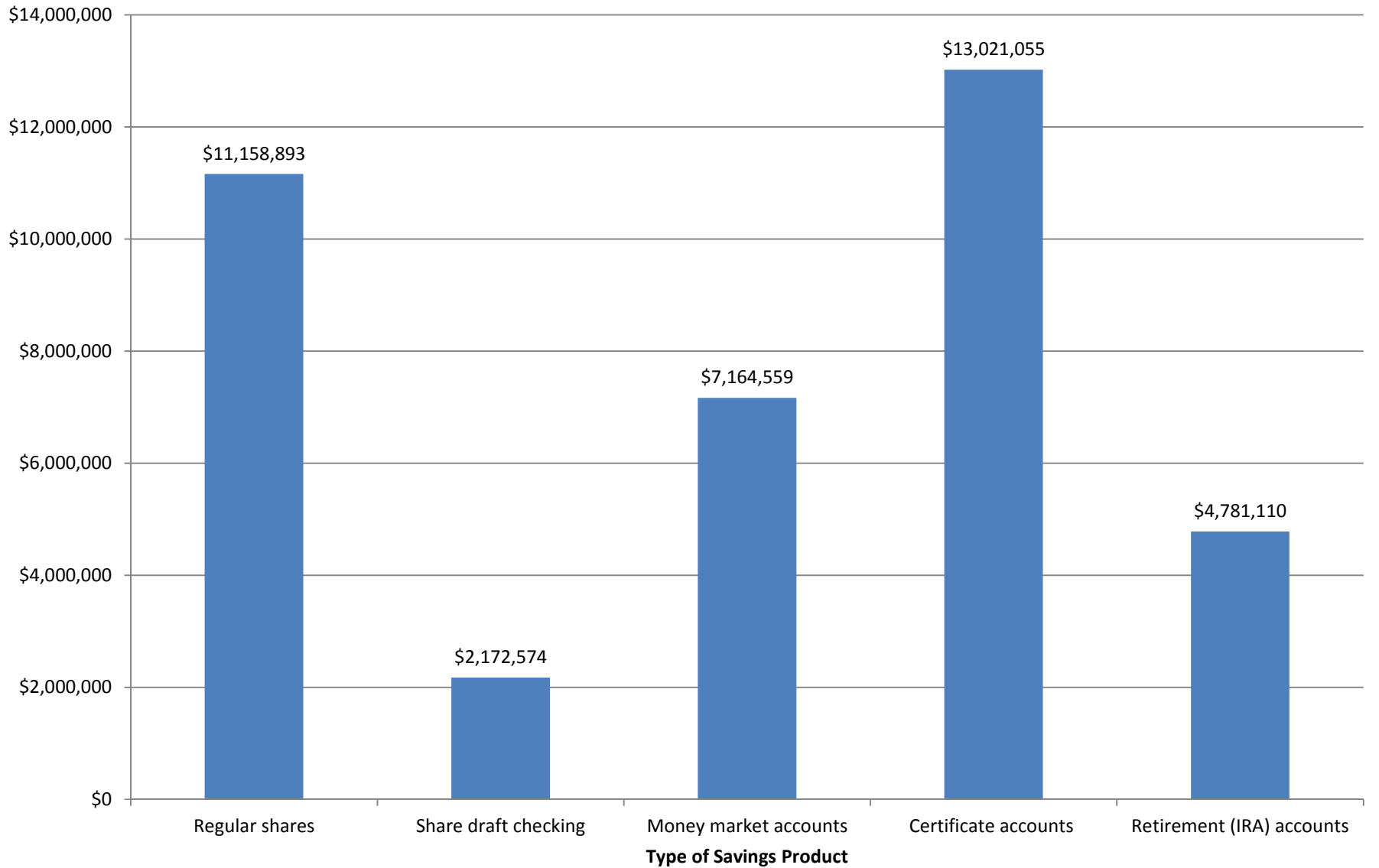
<b>Loan Products</b>	<b>Average Rate at Credit Unions (%)</b>	<b>Average Rate at Banks (%)</b>	<b>Rate Difference vs. Banks (%)</b>
60-month new car (A paper)	3.98	5.15	-1.17
48-month used car (A paper)	4.27	5.57	-1.30
Unsecured loan (A paper)	10.29	12.47	-2.18
5-year adjustable rate 1st mortgage, 0 pts	3.13	3.38	-0.26
15-year fixed rate 1st mortgage, 0 pts	3.71	3.64	0.08
30-year fixed rate 1st mortgage, 0 pts	4.30	4.26	0.04
Home equity / 2nd mtg, 80% LTV 0 pts	4.49	4.61	-0.12
Credit card - classic	12.21	12.51	-0.30
Credit card - gold	11.28	11.93	-0.65
<b>Savings Products</b>			
Regular savings, \$1,000 balance	0.25	0.17	0.08
Share draft checking, \$5,000 balance	0.22	0.13	0.09
Money market accounts	0.49	0.32	0.17
1 Year certificate \$10,000 balance	0.72	0.51	0.21
Retirement (IRA) accounts	0.60	0.41	0.19
<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 Illinois Credit Unions Financial Benefits Year-end 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Illinois Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,995,656,533	-1.17	\$23,349,181
Used car loans	3,413,401,820	-1.30	\$44,203,554
Personal unsecured loans	816,109,366	-2.18	\$17,791,184
5-year adjustable rate 1st mortgage	3,883,615,374	-0.26	\$9,903,219
15-year fixed rate 1st mortgage	1,489,929,007	0.08	-\$1,117,447
30-year fixed rate 1st mortgage	2,669,342,457	0.04	-\$934,270
Home equity / 2nd mortgage loans	2,474,106,017	-0.12	\$2,968,927
Credit cards	1,112,697,339	-0.30	\$4,297,793
Interest rebates in period			\$1,263,841
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$101,725,983</b>
 <u>Savings</u>			
Regular shares	13,948,616,727	0.08	\$11,158,893
Share draft checking	2,555,969,289	0.09	\$2,172,574
Money market accounts	4,342,157,136	0.17	\$7,164,559
Certificate accounts	6,200,502,358	0.21	\$13,021,055
Retirement (IRA) accounts	2,549,925,511	0.19	\$4,781,110
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on saving products:</b>			<b>\$38,298,192</b>
 <u>Fee Income</u>			
<b>Total CU member benefit arising from fewer/lower fees:</b>			<b>\$40,850,443</b>
 <b>Total CU member benefit arising from interest rates on loan and savings products and lower fees:</b>			<b>\$180,874,618</b>
 <b>Total CU member benefit / member:</b>			<b>\$65</b>
<b>Total CU member benefit / member household:</b>			<b>\$123</b>

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;

**Illinois**  
**Performance Profile**

<b>Demographic Information</b>	<b>Dec 11</b>	<b>Dec 10</b>
Number of branches	798	787
Total assets (\$ mil)	35,674	34,020
Total loans (\$ mil)	18,904	18,542
Total surplus funds (\$ mil)	15,776	14,549
Total savings (\$ mil)	31,143	29,772
Total members (thousands)	2,823	2,797
<b>Growth Rates (Trailing 12 months) *</b>		
Total assets	4.9 %	4.1 %
Total loans	1.9 %	-0.7 %
Total surplus funds	8.4 %	11.3 %
Total savings	4.6 %	6.0 %
Total members	0.9 %	0.4 %
<b>Earnings - Basis Pts. *</b>		
Yield on total assets	357	398
Dividend/interest cost of assets	92	126
Fee & other income	94	92
Operating expense	262	261
Loss Provisions	39	49
Net Income (ROA) after stabilization exp	58	52
<b>Capital adequacy</b>		
Net worth / assets	10.1	10.0
<b>Asset quality *</b>		
Delinquencies / loans	1.5	1.4
Net chargeoffs / average loans	0.7	0.8
Total borrower-bankruptcies	23	26
Bankruptcies per 1000 members	3.0	3.6
<b>Asset/Liability Management</b>		
Loans / savings	60.7	62.3
Loans / assets	53.0	54.5
Long-term assets / assets	25.0	23.8
Core deposits/shares & borrowings	55.2	53.2
<b>Productivity</b>		
Members/potential members	5.1	6.0
Borrowers/members	49.6	49.0
Members/FTE	413	410
Average shares/members (\$)	11,032	10,646
Average loan balances (\$)	13,514	13,521
Salary & Benefits/FTE	61,274	59,091

\* 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.