

# ***The Benefits of Membership***

*Customized Analysis of Member Benefits For:*

**New Mexico**

***June 2011***

*Prepared by:*

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



# New Mexico

## *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 New Mexico credit unions provided \$73,215,979 in direct financial benefits to the state's 667,707 members during the twelve months ending June 2011.

**These benefits are equivalent to \$110 per member or \$208 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 New Mexico 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 New Mexico credit unions.

Consider this:

**Financing a \$25,000 new automobile for 60 months at a New Mexico credit union will save members an average \$307 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.

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

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

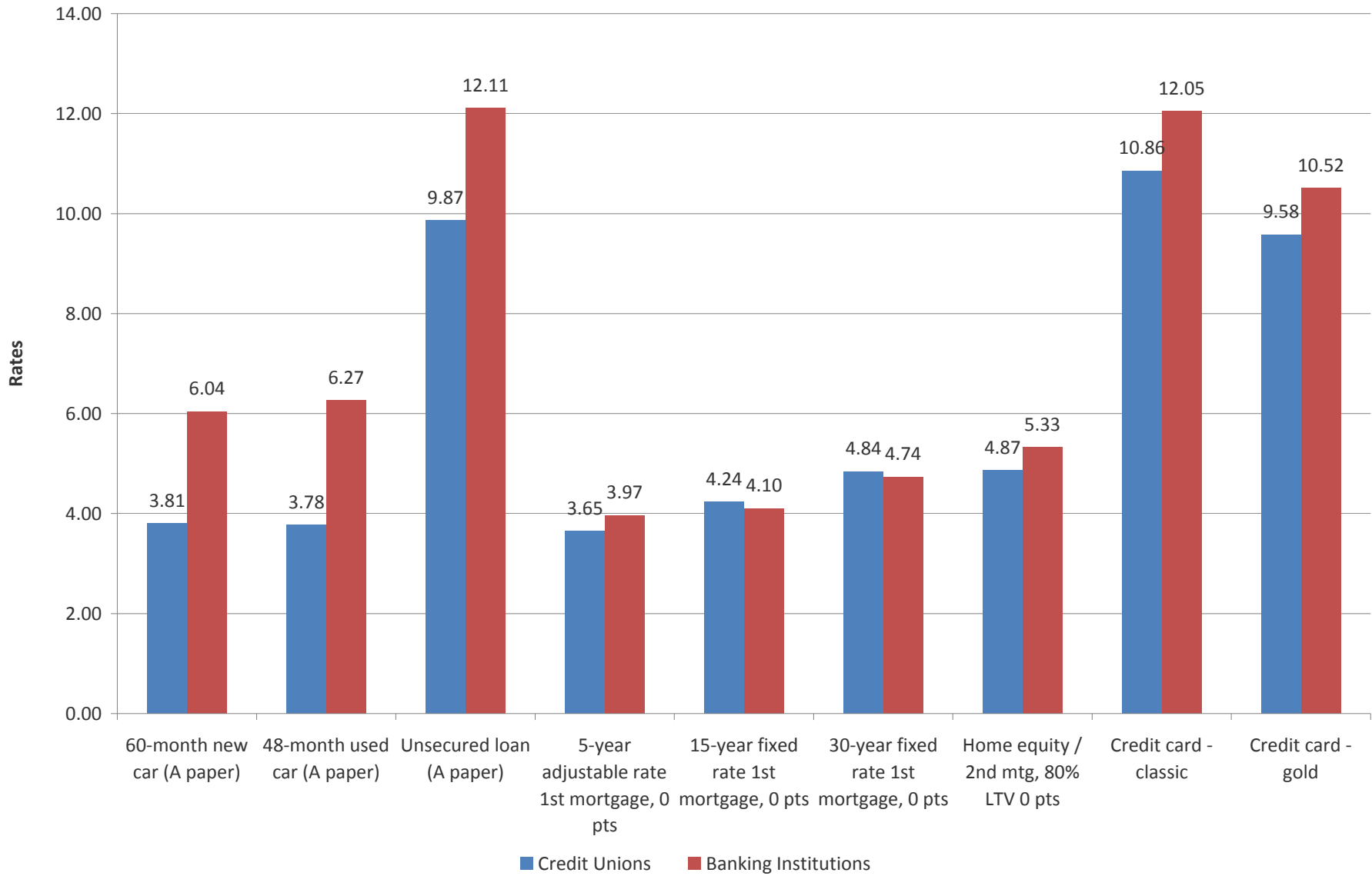


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Source: Datatrac, NCUA, and CUNA.

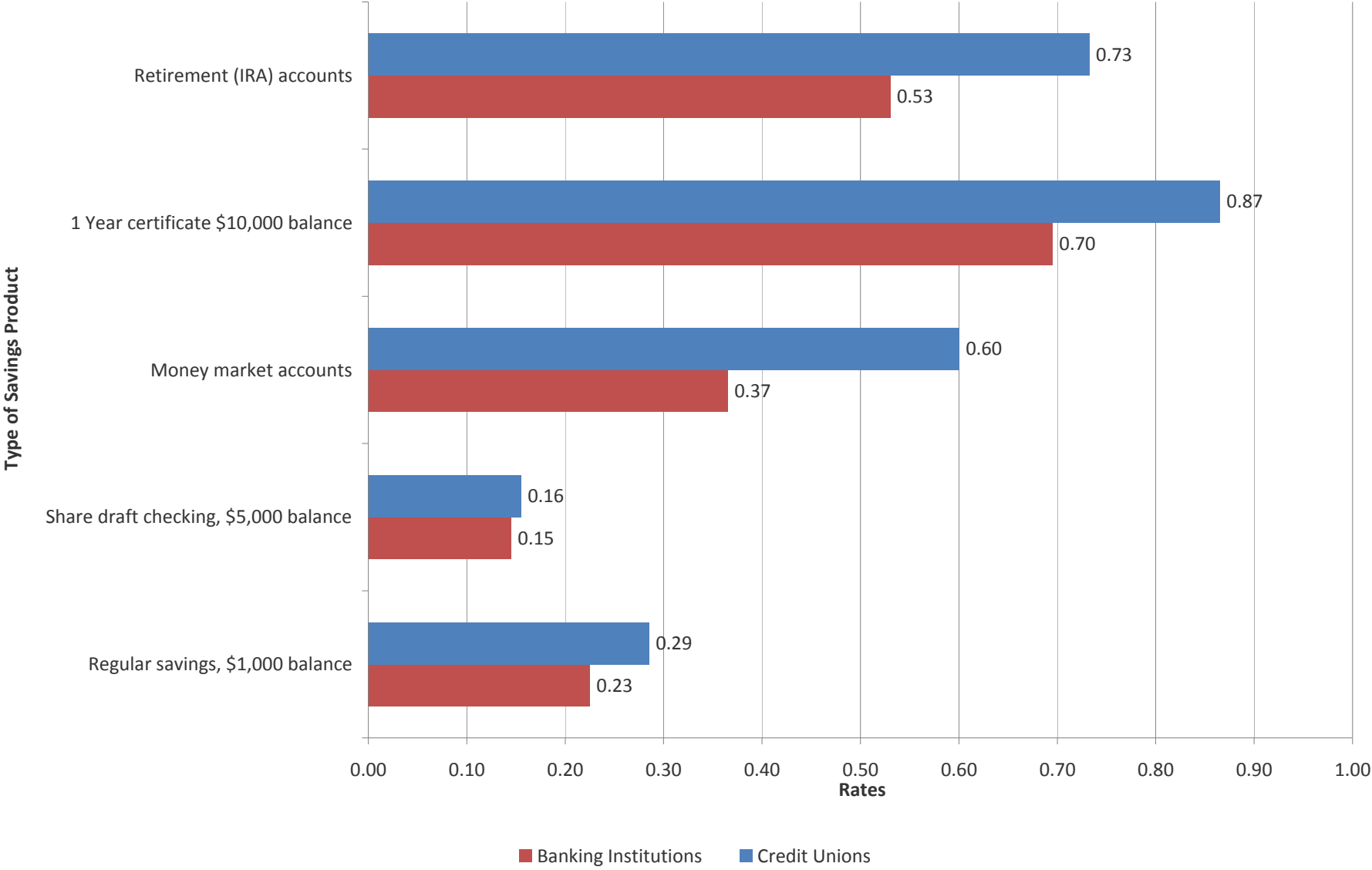
(1) Assumes 1.9 credit union members per household.

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

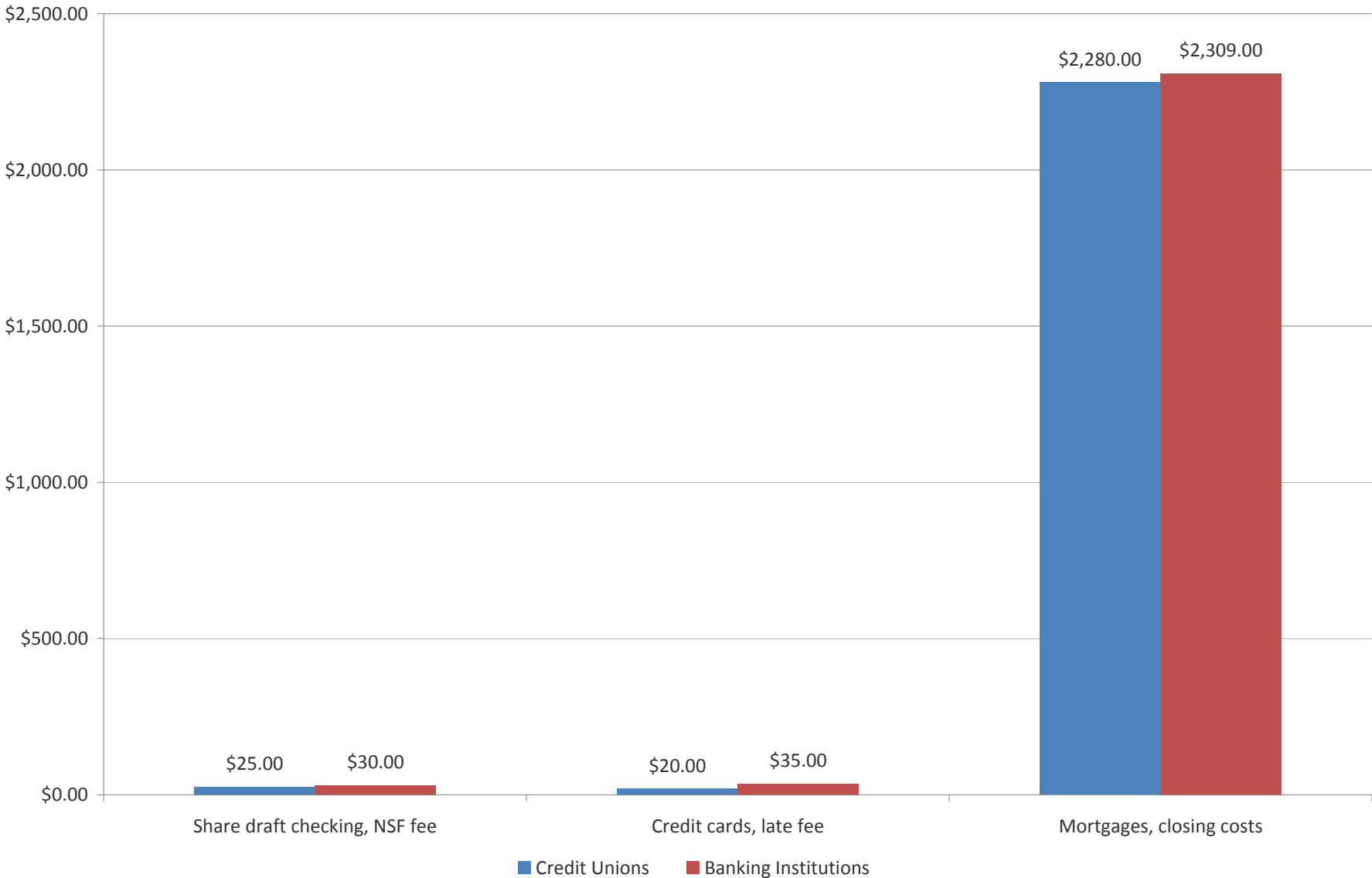


# Recent Comparative Interest Rates for Savings Products

## Credit Unions vs. Banking Institutions



# Selected June 2011 Fees Credit Unions vs Banking Institutions

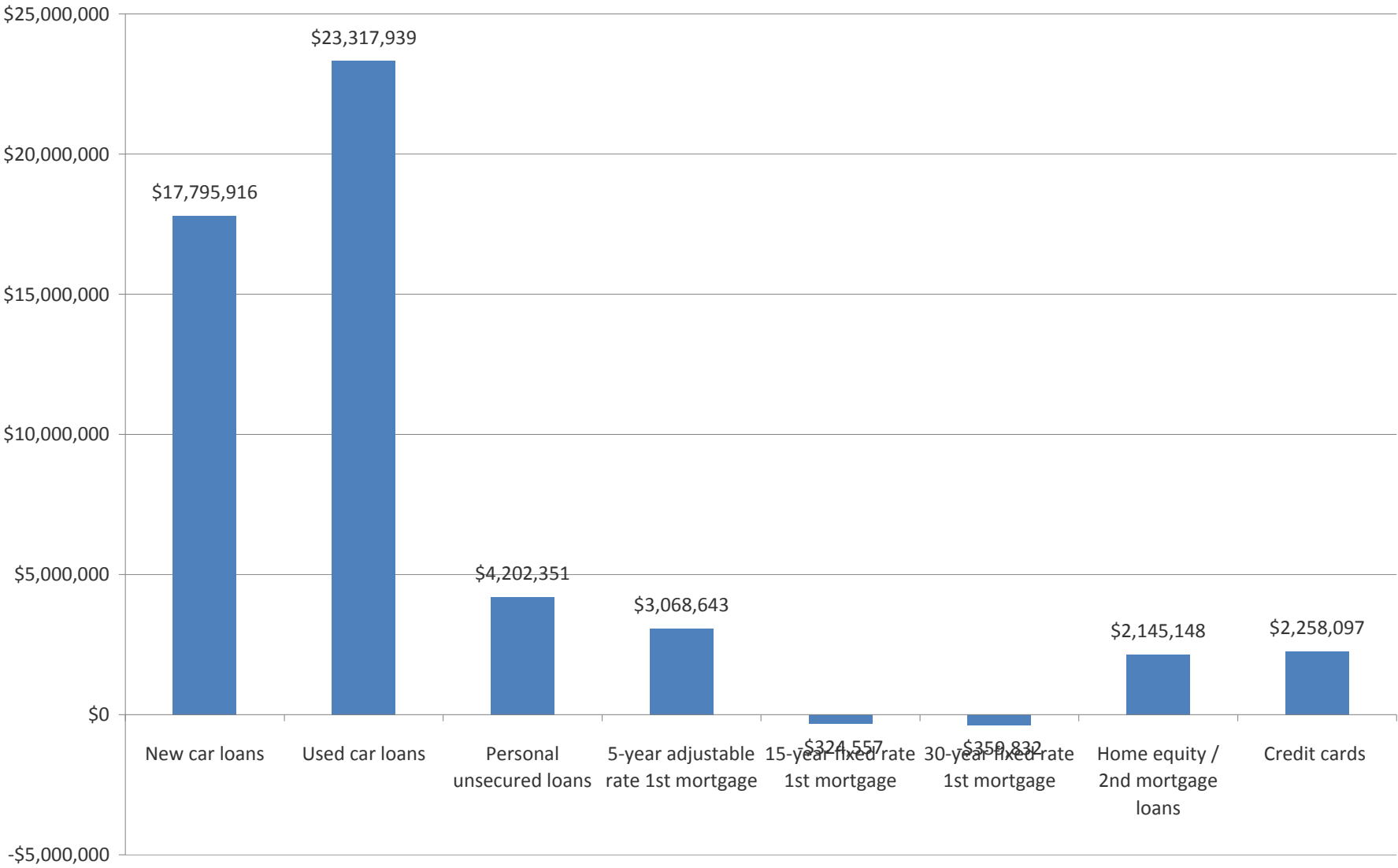


**New Mexico**  
**Credit Union and Banking Instituion**  
**Mid-Year 2011 Average Interest Rates and Fees**

<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)	3.81	6.04	-2.24
48-month used car (A paper)	3.78	6.27	-2.49
Unsecured loan (A paper)	9.87	12.11	-2.25
5-year adjustable rate 1st mortgage, 0 pts	3.65	3.97	-0.32
15-year fixed rate 1st mortgage, 0 pts	4.24	4.10	0.14
30-year fixed rate 1st mortgage, 0 pts	4.84	4.74	0.11
Home equity / 2nd mtg, 80% LTV 0 pts	4.87	5.33	-0.46
Credit card - classic	10.86	12.05	-1.19
Credit card - gold	9.58	10.52	-0.94
<b>Savings Products</b>			
Regular savings, \$1,000 balance	0.29	0.23	0.06
Share draft checking, \$5,000 balance	0.16	0.15	0.01
Money market accounts	0.60	0.37	0.24
1 Year certificate \$10,000 balance	0.87	0.70	0.17
Retirement (IRA) accounts	0.73	0.53	0.20
<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

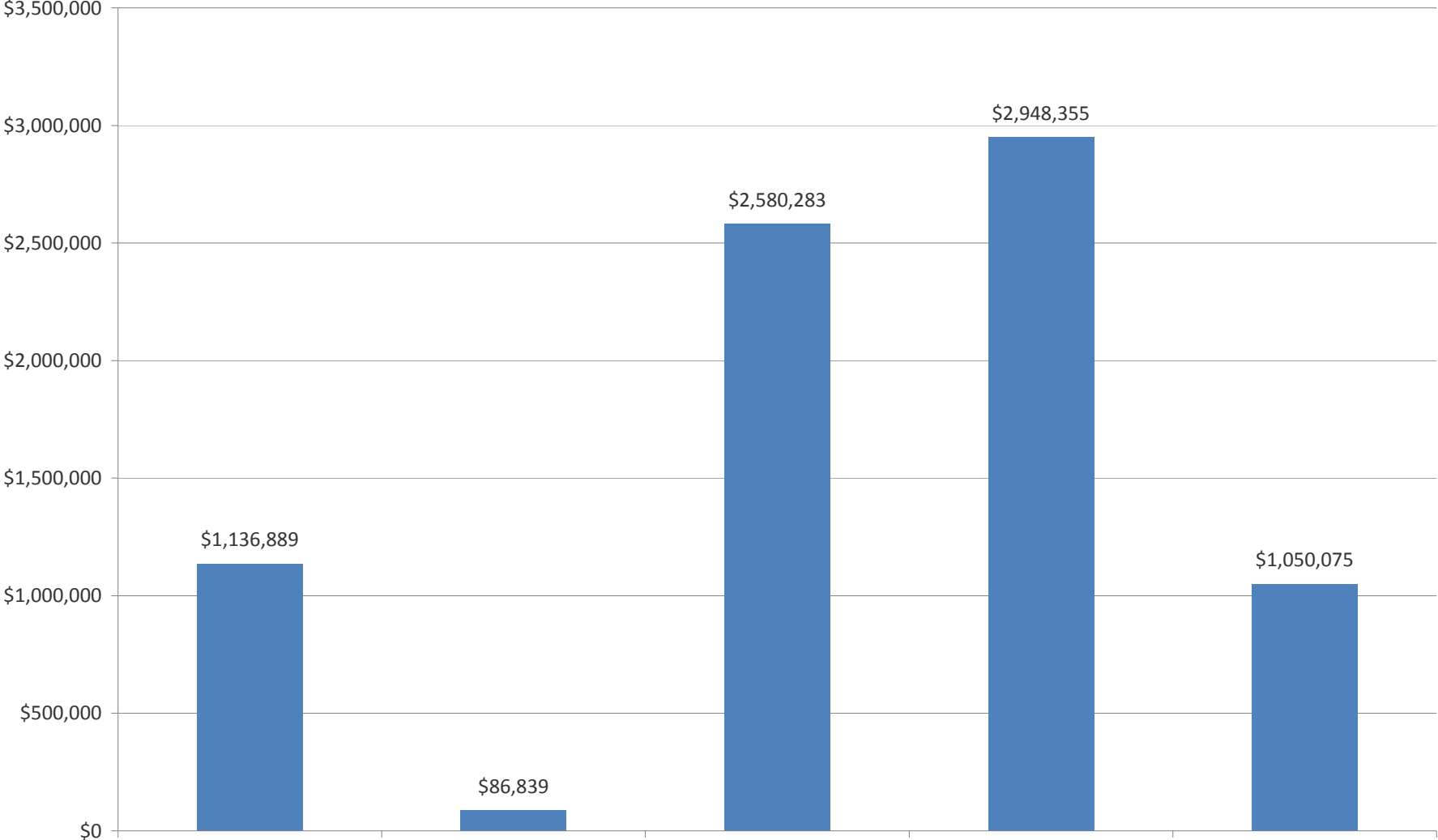
Source: Datatrac

# Estimated Total Loan Rate Benefit Credit Unions vs Banking Institutions



Types of Loan Products

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



Type of Savings Product

## Estimated New Mexico Credit Unions Financial Benefits Mid-Year 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. New Mexico Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	796,237,864	-2.24	\$17,795,916
Used car loans	936,463,410	-2.49	\$23,317,939
Personal unsecured loans	187,187,130	-2.25	\$4,202,351
5-year adjustable rate 1st mortgage	974,172,433	-0.32	\$3,068,643
15-year fixed rate 1st mortgage	240,412,690	0.14	-\$324,557
30-year fixed rate 1st mortgage	342,697,503	0.11	-\$359,832
Home equity / 2nd mortgage loans	466,336,511	-0.46	\$2,145,148
Credit cards	200,496,957	-1.19	\$2,258,097
Interest rebates in period			\$30,888
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$52,134,593</b>
 <u>Savings</u>			
Regular shares	1,894,814,539	0.06	\$1,136,889
Share draft checking	868,389,619	0.01	\$86,839
Money market accounts	1,097,992,711	0.24	\$2,580,283
Certificate accounts	1,734,326,628	0.17	\$2,948,355
Retirement (IRA) accounts	518,555,333	0.20	\$1,050,075
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on saving products:</b>			<b>\$7,802,440</b>
 <u>Fee Income</u>			
<b>Total CU member benefit arising from fewer/lower fees:</b>			<b>\$13,278,946</b>
 <b>Total CU member benefit arising from interest rates on loan and savings products and lower fees:</b>			<b>\$73,215,979</b>
<b>Total CU member benefit / member:</b>			<b>\$110</b>
<b>Total CU member benefit / member household:</b>			<b>\$208</b>

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;

**New Mexico**  
**Performance Profile**

<b>Demographic Information</b>	<b>June 11</b>	<b>June 10</b>
Number of branches	140	134
Total assets (\$ mil)	7,130	6,715
Total loans (\$ mil)	4,434	4,238
Total surplus funds (\$ mil)	2,371	2,172
Total savings (\$ mil)	6,320	5,948
Total members (thousands)	676	660
<b>Growth Rates (Trailing 12 months) *</b>		
Total assets	6.2 %	10.7 %
Total loans	4.6 %	4.6 %
Total surplus funds	9.2 %	23.6 %
Total savings	6.3 %	11.7 %
Total members	2.4 %	2.0 %
<b>Earnings - Basis Pts. *</b>		
Yield on total assets	413	453
Dividend/interest cost of assets	84	118
Fee & other income	132	126
Operating expense	326	328
Loss Provisions	34	53
Net Income (ROA) after stabilization exp	101	58
<b>Capital adequacy</b>		
Net worth / assets	10.2	10.1
<b>Asset quality *</b>		
Delinquencies / loans	0.9	1.2
Net chargeoffs / average loans	0.5	0.7
Total borrower-bankruptcies	1,618	1,936
Bankruptcies per 1000 members	2.4	2.9
<b>Asset/Liability Management</b>		
Loans / savings	70.2	71.3
Loans / assets	62.2	63.1
Long-term assets / assets	30.3	27.1
Core deposits/shares & borrowings	46.1	43.9
<b>Productivity</b>		
Members/potential members	18.8	20.4
Borrowers/members	48.2	50.0
Members/FTE	328	318
Average shares/members (\$)	9,353	9,016
Average loan balances (\$)	13,628	12,844
Salary & Benefits/FTE	55,947	54,548

\* 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.