

The Benefits of Membership

Customized Analysis of Member Benefits For:

Rhode Island

June 2011

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Rhode Island

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 Rhode Island credit unions provided \$12,946,932 in direct financial benefits to the state's 324,251 members during the twelve months ending June 2011.

These benefits are equivalent to \$40 per member or \$76 per member household ⁽¹⁾.

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 Rhode Island 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 Rhode Island credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Rhode Island credit union will save members an average -\$279 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.

Rhode Island credit unions excel in providing member benefits on many loan and saving products. In particular, Rhode Island credit unions offer lower average loan rates on the following accounts: personal unsecured loans, first mortgage-adjustable rate, home equity loans, credit cards loans.

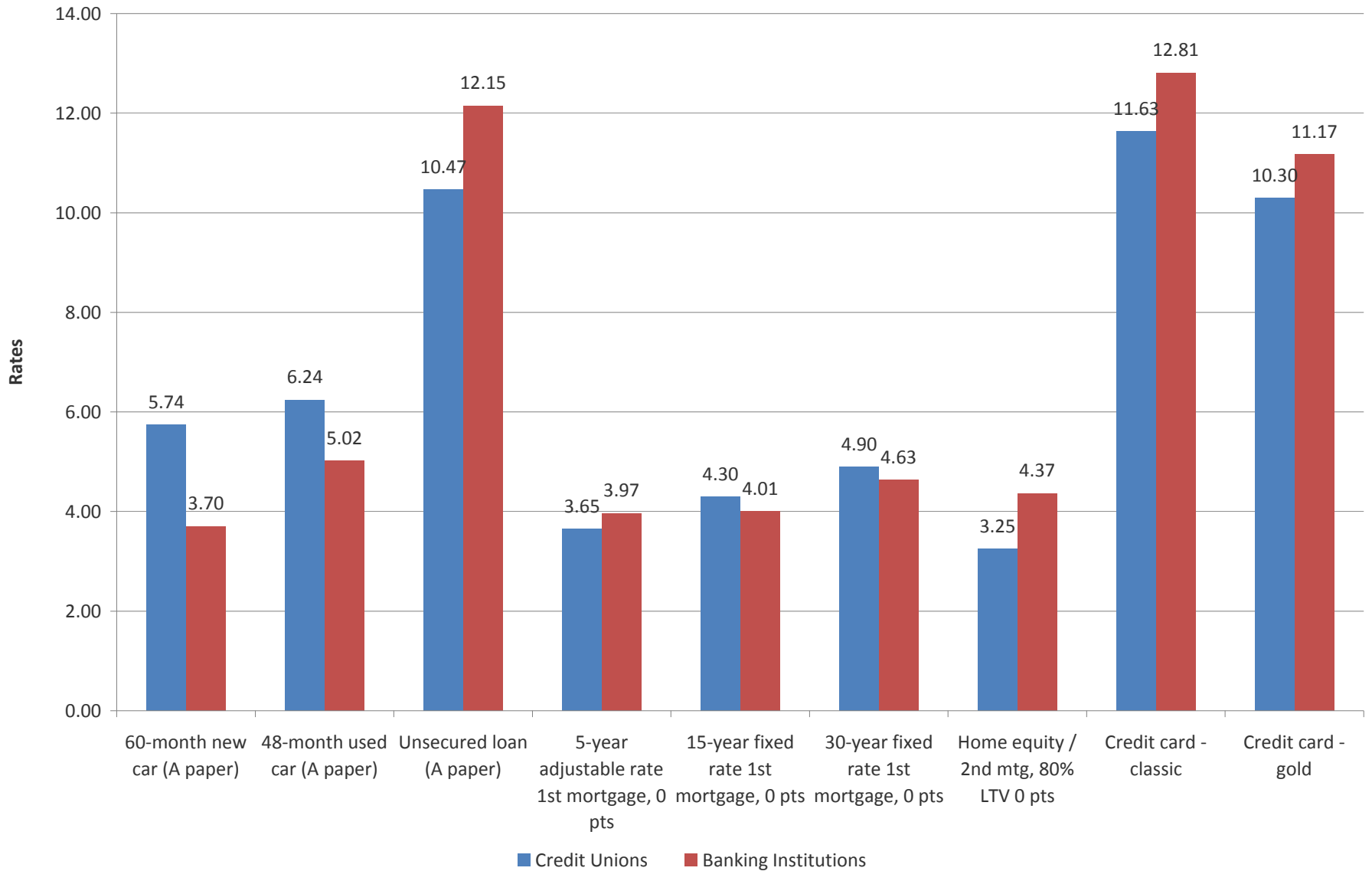
Rhode Island credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



Source: Datatrac, NCUA, and CUNA.

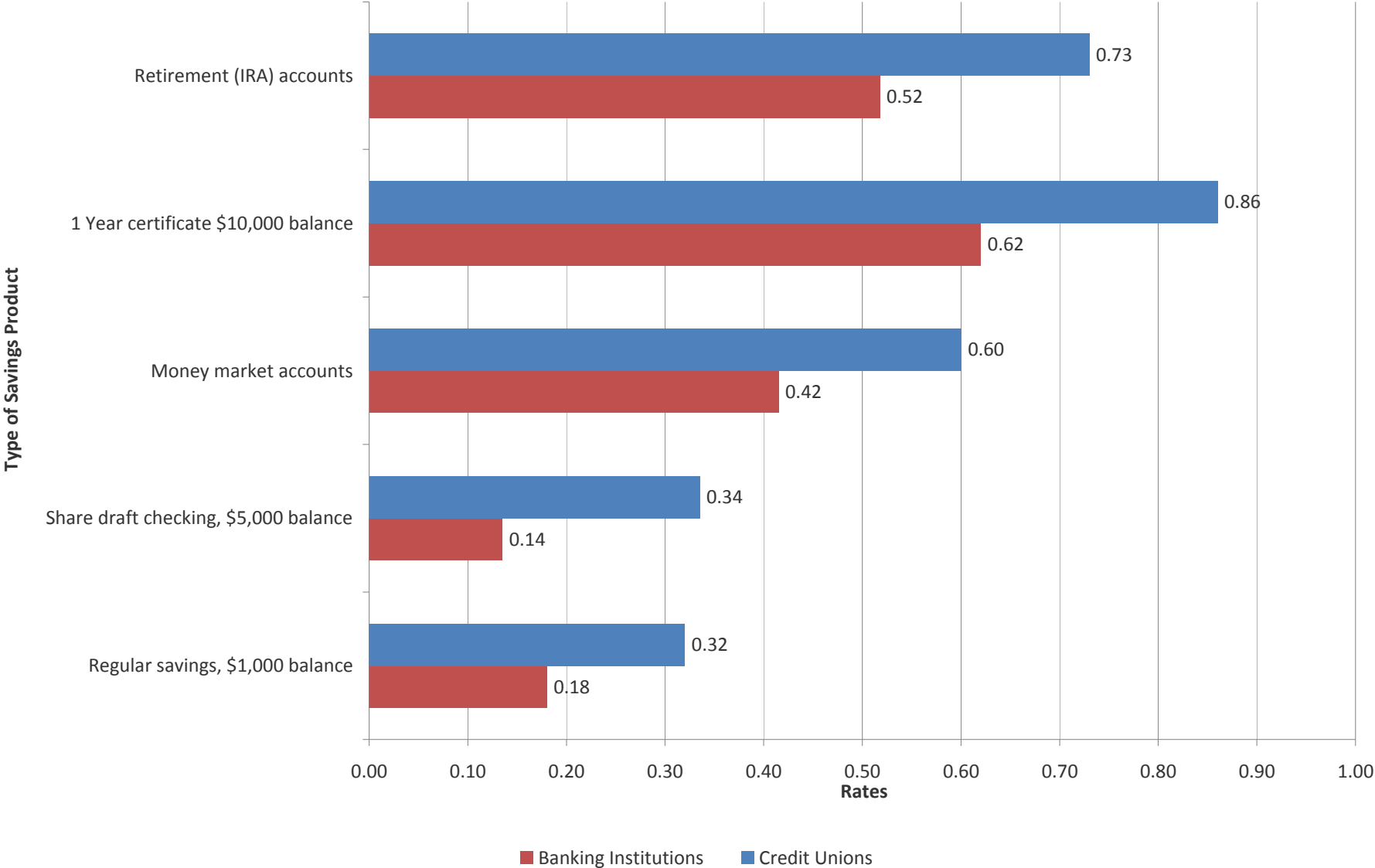
(1) Assumes 1.9 credit union members per household.

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

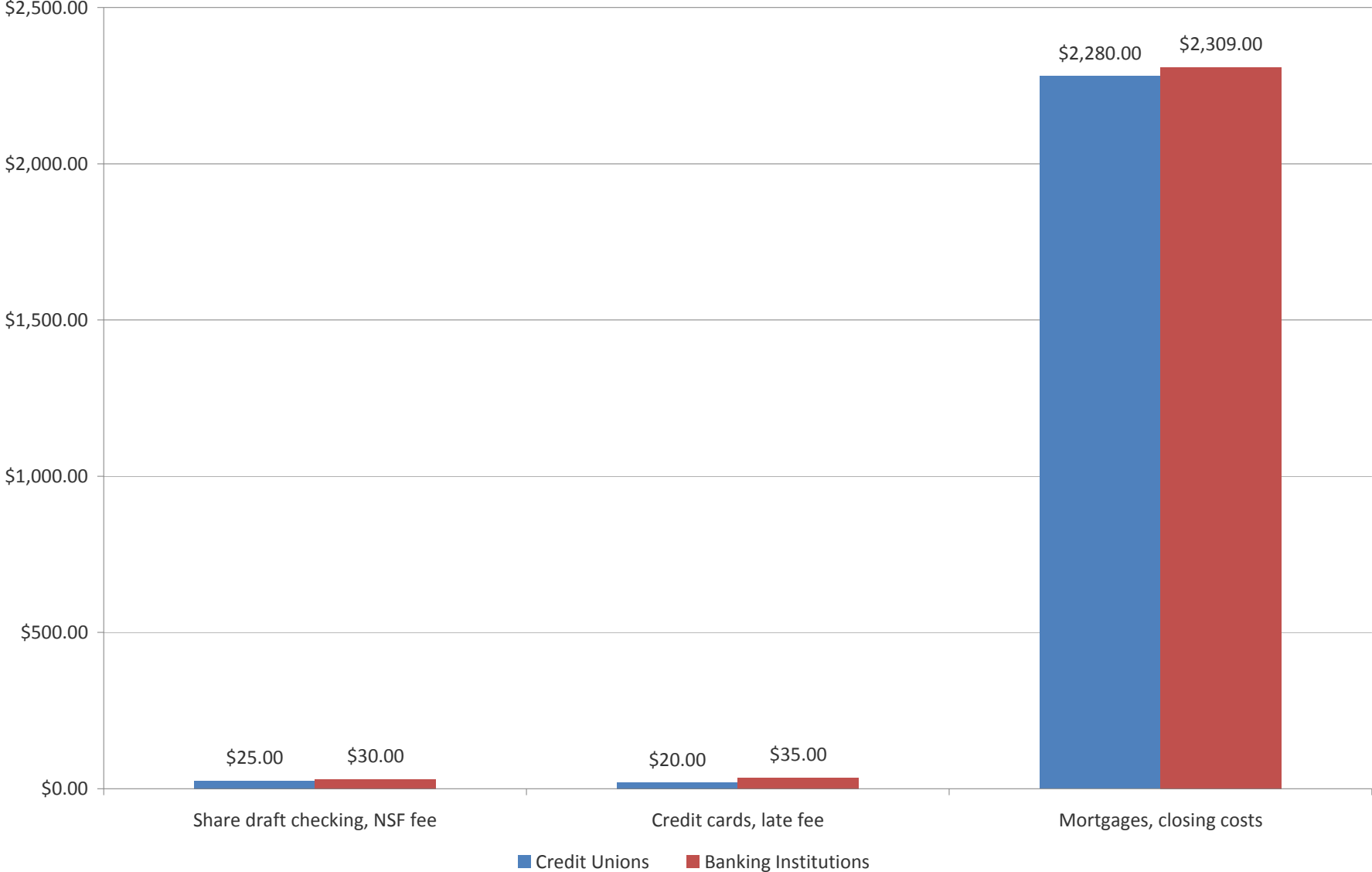


Recent Comparative Interest Rates for Savings Products

Credit Unions vs. Banking Institutions



Selected June 2011 Fees Credit Unions vs Banking Institutions

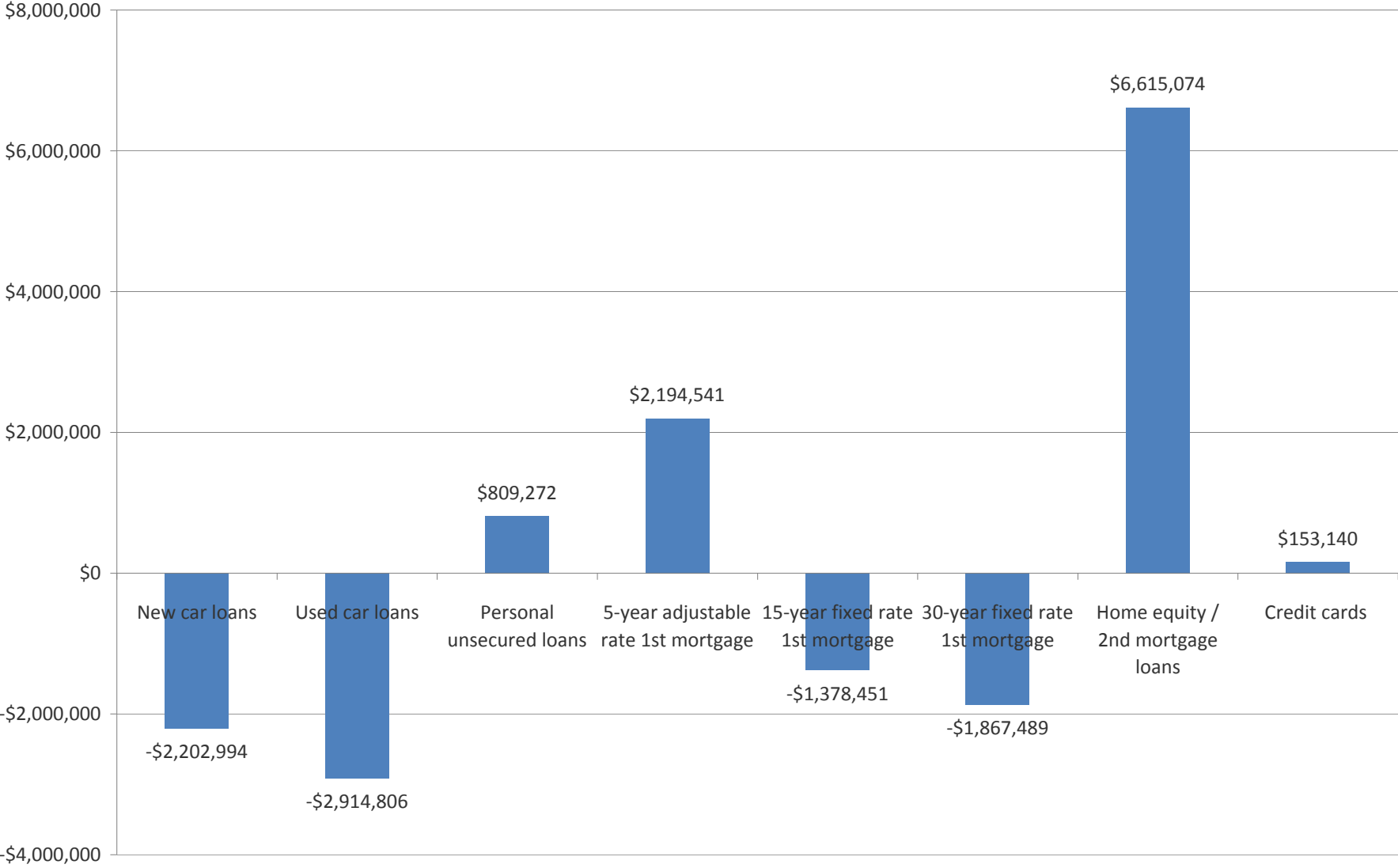


Rhode Island
Credit Union and Banking Instituion
Mid-Year 2011 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	5.74	3.70	2.04
48-month used car (A paper)	6.24	5.02	1.22
Unsecured loan (A paper)	10.47	12.15	-1.69
5-year adjustable rate 1st mortgage, 0 pts	3.65	3.97	-0.32
15-year fixed rate 1st mortgage, 0 pts	4.30	4.01	0.29
30-year fixed rate 1st mortgage, 0 pts	4.90	4.63	0.27
Home equity / 2nd mtg, 80% LTV 0 pts	3.25	4.37	-1.12
Credit card - classic	11.63	12.81	-1.18
Credit card - gold	10.30	11.17	-0.88
Savings Products			
Regular savings, \$1,000 balance	0.32	0.18	0.14
Share draft checking, \$5,000 balance	0.34	0.14	0.20
Money market accounts	0.60	0.42	0.19
1 Year certificate \$10,000 balance	0.86	0.62	0.24
Retirement (IRA) accounts	0.73	0.52	0.21
Fee Income			
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

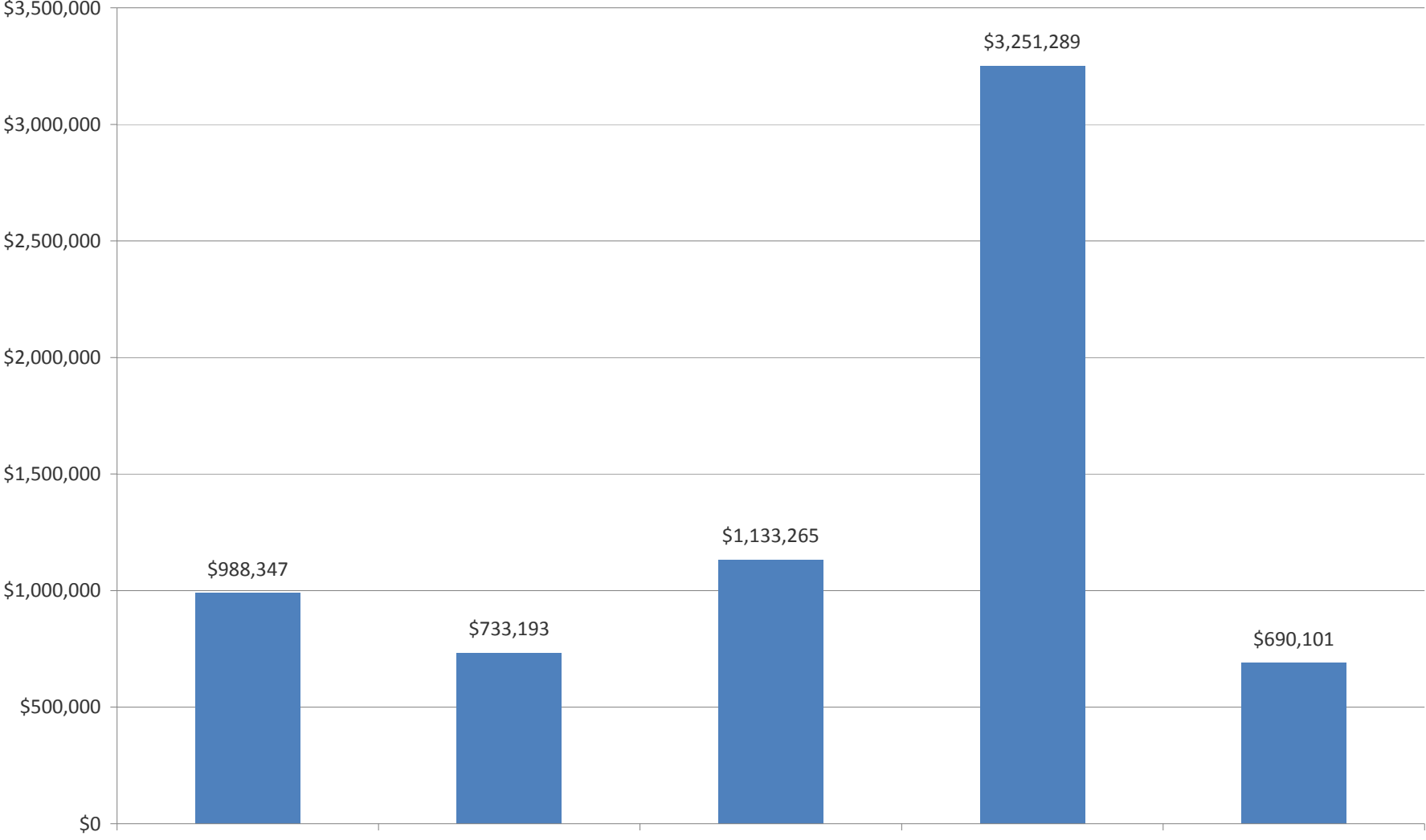
Source: Datatrac

Estimated Total Loan Rate Benefit Credit Unions vs Banking Institutions



Types of Loan Products

Estimated Total Savings Dividend Benefit Credit Unions vs. Banking Institutions



Regular shares

Share draft checking

Money market accounts

Certificate accounts

Retirement (IRA) accounts

Type of Savings Product

Estimated Rhode Island Credit Unions Financial Benefits Mid-Year 2011

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Rhode Island Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	107,989,904	2.04	-\$2,202,994
Used car loans	238,918,558	1.22	-\$2,914,806
Personal unsecured loans	48,028,018	-1.69	\$809,272
5-year adjustable rate 1st mortgage	696,679,603	-0.32	\$2,194,541
15-year fixed rate 1st mortgage	475,327,982	0.29	-\$1,378,451
30-year fixed rate 1st mortgage	691,662,481	0.27	-\$1,867,489
Home equity / 2nd mortgage loans	593,280,218	-1.12	\$6,615,074
Credit cards	13,874,531	-1.18	\$153,140
Interest rebates in period			\$0
Total CU member benefits arising from lower interest rates on loan products:			\$1,408,287
 <u>Savings</u>			
Regular shares	705,961,993	0.14	\$988,347
Share draft checking	366,596,427	0.20	\$733,193
Money market accounts	612,575,733	0.19	\$1,133,265
Certificate accounts	1,354,703,853	0.24	\$3,251,289
Retirement (IRA) accounts	324,753,409	0.21	\$690,101
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on saving products:			\$6,796,195
 <u>Fee Income</u>			
Total CU member benefit arising from fewer/lower fees:			\$4,742,450
 Total CU member benefit arising from interest rates on loan and savings products and lower fees:			\$12,946,932
Total CU member benefit / member:			\$40
Total CU member benefit / member household:			\$76

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;

**Rhode Island
Performance Profile**

Demographic Information	June 11	June 10
Number of branches	73	71
Total assets (\$ mil)	4,434	4,305
Total loans (\$ mil)	3,056	2,847
Total surplus funds (\$ mil)	1,230	1,305
Total savings (\$ mil)	3,538	3,415
Total members (thousands)	324	325
Growth Rates (Trailing 12 months) *		
Total assets	3.0 %	-2.5 %
Total loans	7.3 %	-9.8 %
Total surplus funds	-5.7 %	19.9 %
Total savings	3.6 %	-2.3 %
Total members	-0.4 %	-7.0 %
Earnings - Basis Pts. *		
Yield on total assets	405	435
Dividend/interest cost of assets	110	139
Fee & other income	63	71
Operating expense	297	271
Loss Provisions	33	40
Net Income (ROA) after stabilization exp	29	35
Capital adequacy		
Net worth / assets	10.5	10.5
Asset quality *		
Delinquencies / loans	1.1	1.2
Net chargeoffs / average loans	0.4	0.4
Total borrower-bankruptcies	1,116	1,306
Bankruptcies per 1000 members	3.5	4.0
Asset/Liability Management		
Loans / savings	86.4	83.4
Loans / assets	68.9	66.1
Long-term assets / assets	54.0	50.8
Core deposits/shares & borrowings	25.9	29.7
Productivity		
Members/potential members	8.9	9.0
Borrowers/members	31.7	32.5
Members/FTE	332	335
Average shares/members (\$)	10,935	10,509
Average loan balances (\$)	29,801	26,932
Salary & Benefits/FTE	64,191	61,902

* 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.