

# ***The Benefits of Membership***

*Customized Analysis of Member Benefits For:*

**Wisconsin**

***December 2011***

*Prepared by:*

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Economics and Statistics Department***



# Wisconsin

## *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 Wisconsin credit unions provided \$177,880,486 in direct financial benefits to the state's 2,257,097 members during the twelve months ending December 2011.

**These benefits are equivalent to \$79 per member or \$150 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 Wisconsin 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 Wisconsin credit unions.

Consider this:

**Financing a \$25,000 new automobile for 60 months at a Wisconsin credit union will save members an average \$206 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.

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

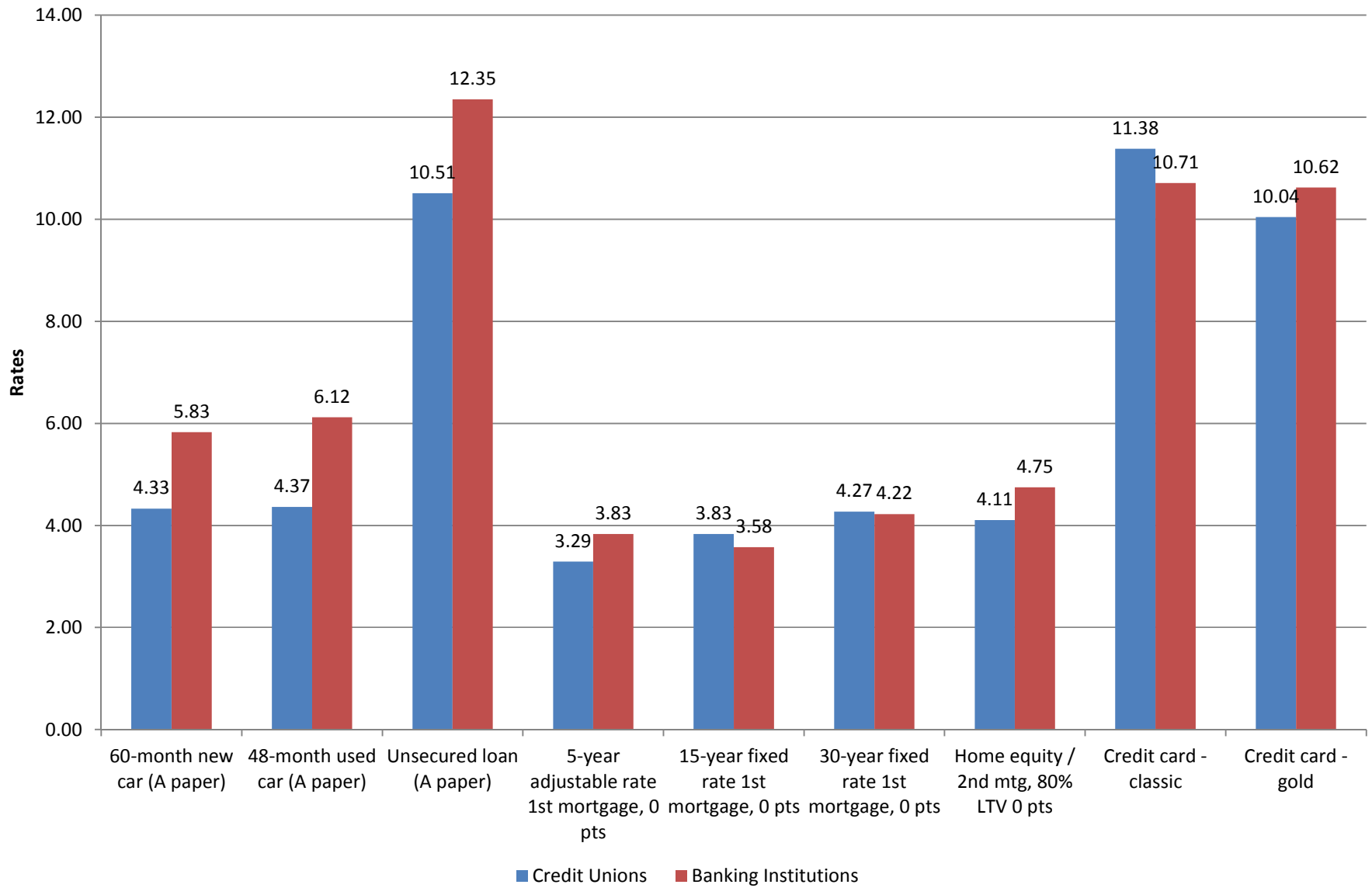
Wisconsin credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



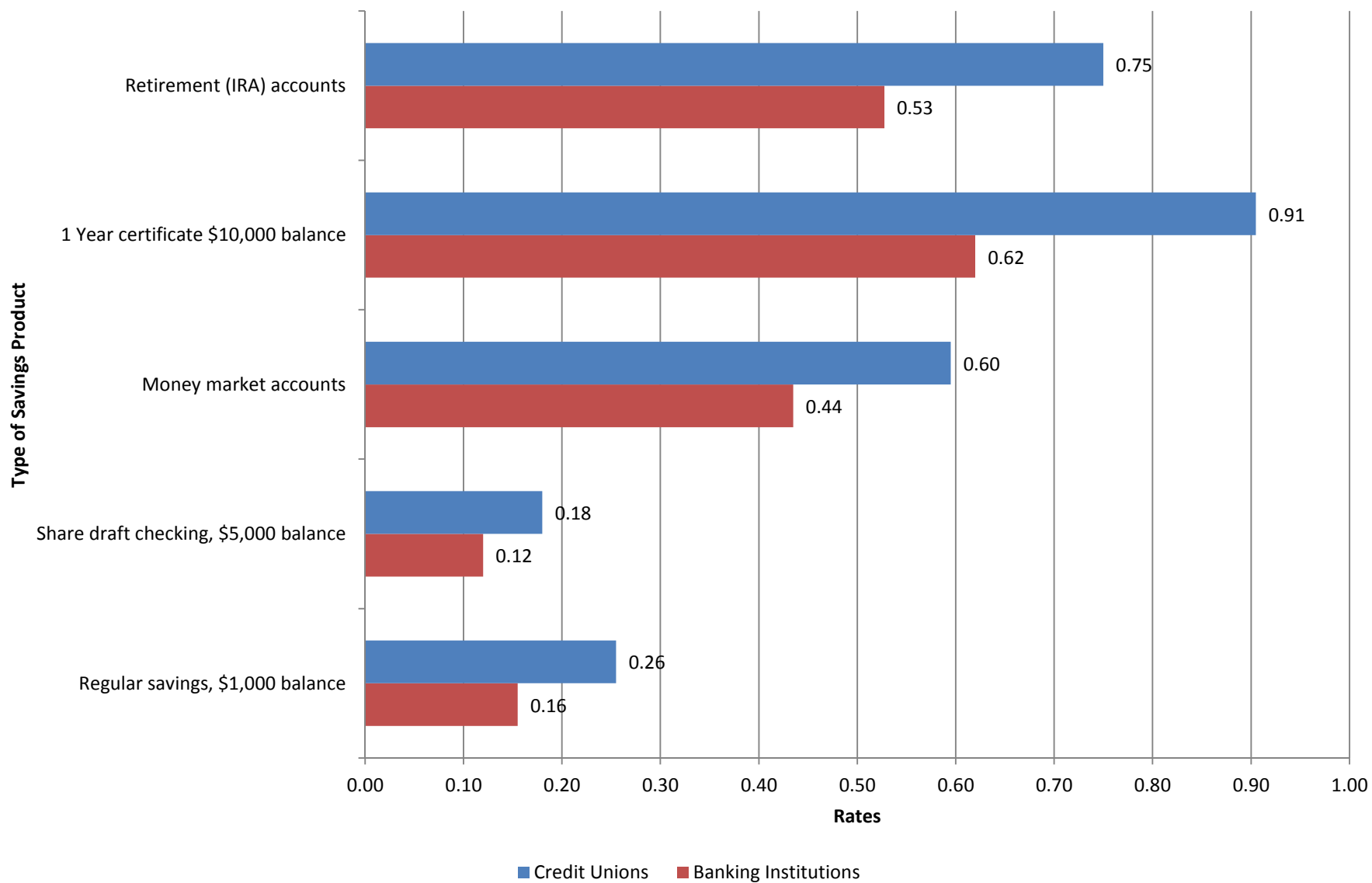
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Source: Datatrac, NCUA, and CUNA.  
(1) Assumes 1.9 credit union members per household.

## 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

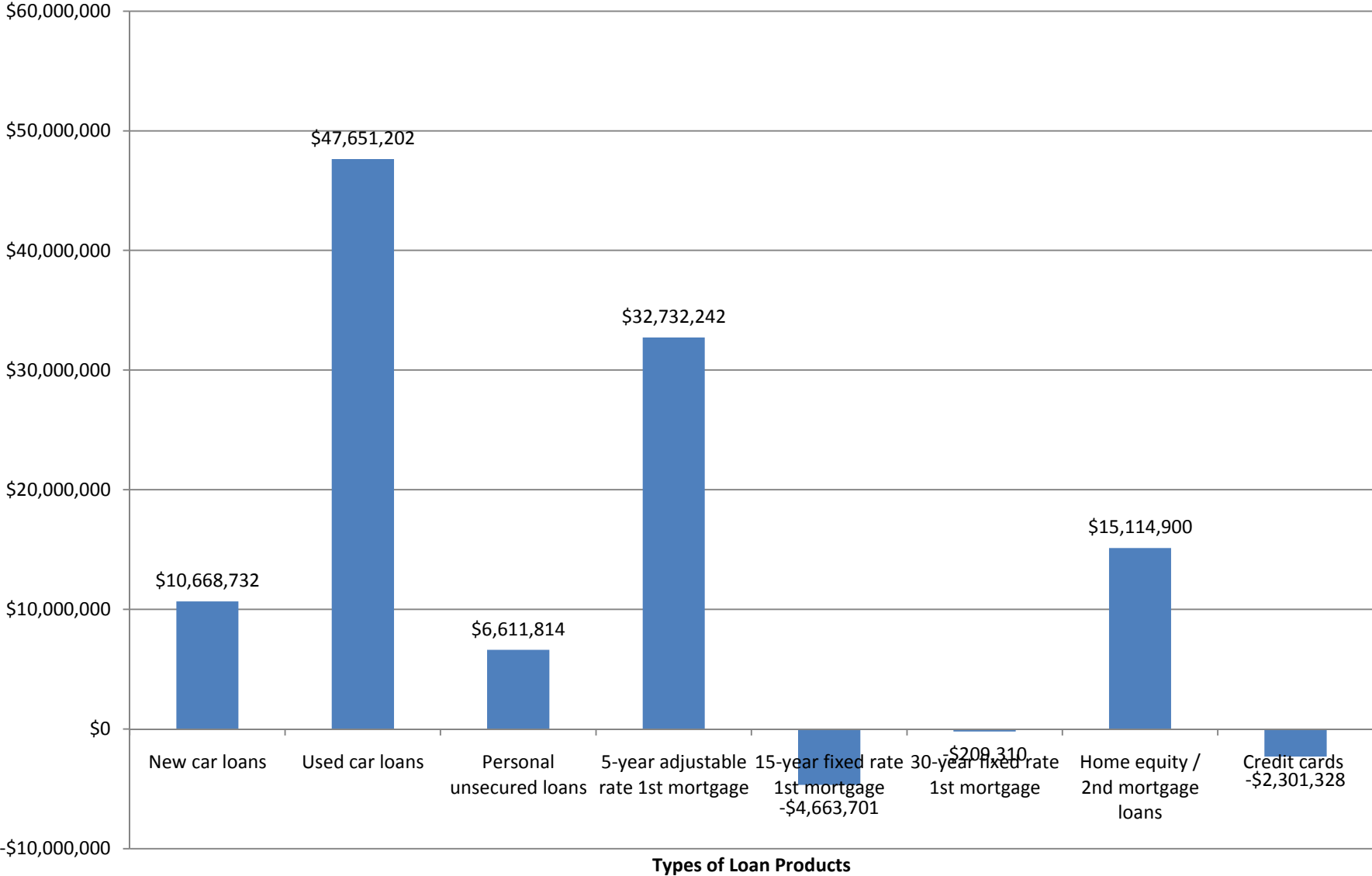


**Wisconsin**  
**Credit Union and Banking Institution**  
**Year-end 2011 Average Interest Rates and Fees**

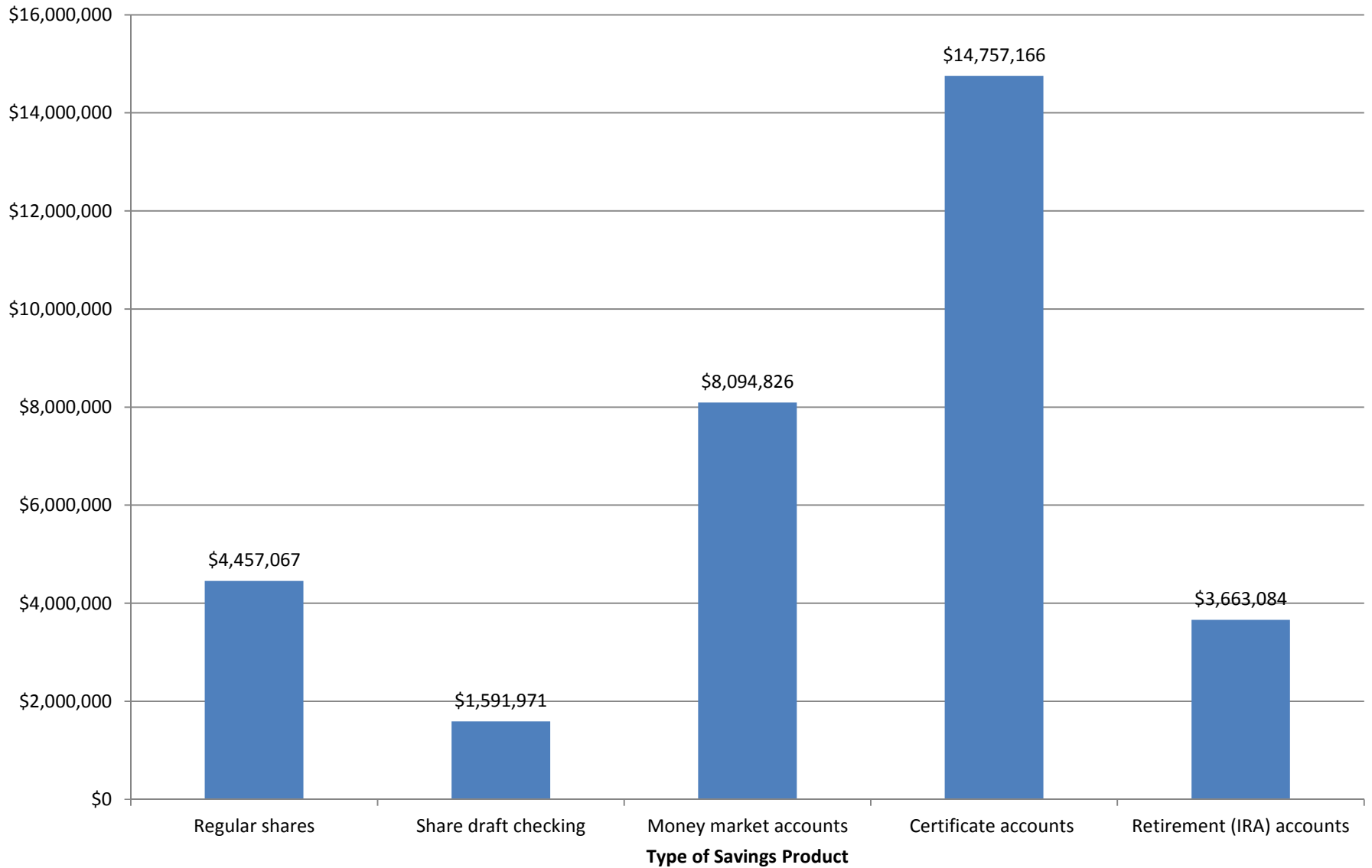
<b>Loan Products</b>	<b>Average Rate at Credit Unions (%)</b>	<b>Average Rate at Banks (%)</b>	<b>Rate Difference vs. Banks (%)</b>
60-month new car (A paper)	4.33	5.83	-1.50
48-month used car (A paper)	4.37	6.12	-1.76
Unsecured loan (A paper)	10.51	12.35	-1.84
5-year adjustable rate 1st mortgage, 0 pts	3.29	3.83	-0.54
15-year fixed rate 1st mortgage, 0 pts	3.83	3.58	0.26
30-year fixed rate 1st mortgage, 0 pts	4.27	4.22	0.05
Home equity / 2nd mtg, 80% LTV 0 pts	4.11	4.75	-0.64
Credit card - classic	11.38	10.71	0.67
Credit card - gold	10.04	10.62	-0.58
<b>Savings Products</b>			
Regular savings, \$1,000 balance	0.26	0.16	0.10
Share draft checking, \$5,000 balance	0.18	0.12	0.06
Money market accounts	0.60	0.44	0.16
1 Year certificate \$10,000 balance	0.91	0.62	0.29
Retirement (IRA) accounts	0.75	0.53	0.22
<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 Wisconsin Credit Unions Financial Benefits Year-end 2011

### Loans

	Avg. Balance at Credit Unions (1)	Rate Difference vs. Wisconsin Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	711,248,811	-1.50	\$10,668,732
Used car loans	2,715,168,204	-1.76	\$47,651,202
Personal unsecured loans	359,337,717	-1.84	\$6,611,814
5-year adjustable rate 1st mortgage	6,061,526,263	-0.54	\$32,732,242
15-year fixed rate 1st mortgage	1,828,902,334	0.26	-\$4,663,701
30-year fixed rate 1st mortgage	418,620,290	0.05	-\$209,310
Home equity / 2nd mortgage loans	2,361,703,080	-0.64	\$15,114,900
Credit cards	643,728,031	0.67	-\$2,301,328
Interest rebates in period			\$1,714,015
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$107,318,566</b>

### Savings

Regular shares	4,457,067,165	0.10	\$4,457,067
Share draft checking	2,653,285,812	0.06	\$1,591,971
Money market accounts	5,059,266,537	0.16	\$8,094,826
Certificate accounts	5,177,953,121	0.29	\$14,757,166
Retirement (IRA) accounts	1,646,330,057	0.22	\$3,663,084
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on saving products:</b>			<b>\$32,564,116</b>

### Fee Income

**Total CU member benefit arising from fewer/lower fees:** \$37,997,804

**Total CU member benefit arising from interest rates on loan and savings products and lower fees:** \$177,880,486

**Total CU member benefit / member:** \$79

**Total CU member benefit / member household:** \$150

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;

**Wisconsin  
Performance Profile**

<b>Demographic Information</b>	<b>Dec 11</b>	<b>Dec 10</b>
Number of branches	653	662
Total assets (\$ mil)	22,757	21,469
Total loans (\$ mil)	17,281	16,544
Total surplus funds (\$ mil)	4,501	3,947
Total savings (\$ mil)	19,822	18,686
Total members (thousands)	2,297	2,255
<b>Growth Rates (Trailing 12 months) *</b>		
Total assets	6.0 %	5.0 %
Total loans	4.5 %	2.7 %
Total surplus funds	14.0 %	14.9 %
Total savings	6.1 %	6.1 %
Total members	1.9 %	1.2 %
<b>Earnings - Basis Pts. *</b>		
Yield on total assets	423	458
Dividend/interest cost of assets	87	121
Fee & other income	140	143
Operating expense	359	366
Loss Provisions	56	64
Net Income (ROA) after stabilization exp	60	50
<b>Capital adequacy</b>		
Net worth / assets	9.9	10.0
<b>Asset quality *</b>		
Delinquencies / loans	1.8	1.9
Net chargeoffs / average loans	0.6	0.6
Total borrower-bankruptcies	35	38
Bankruptcies per 1000 members	3.1	3.8
<b>Asset/Liability Management</b>		
Loans / savings	87.2	88.5
Loans / assets	75.9	77.1
Long-term assets / assets	30.5	30.1
Core deposits/shares & borrowings	37.7	35.7
<b>Productivity</b>		
Members/potential members	6.1	6.1
Borrowers/members	63.6	61.7
Members/FTE	330	323
Average shares/members (\$)	8,629	8,286
Average loan balances (\$)	11,830	11,887
Salary & Benefits/FTE	55,500	53,453

\* 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.