

Winston-Salem Journal
November 25, 2006

Credit unions fulfilling purpose, study says

By: Richard Craver

A study requested by a U.S. House committee has determined that federal credit unions are fulfilling their not-for-profit mission of focusing on lower- to middle-income consumers.

The National Credit Union Administration conducted the study of 448 federal credit unions, which was released last week, for the U.S. House Ways and Means committee. Those credit unions have about 14 million members.

The study found that 96 percent of the members had a median family income of less than \$100,000 annually, as well as 82 percent below \$75,000 and 60 percent below \$60,000.

The study also found that the majority of members of federal credit unions have family income ranging between \$30,000 and \$100,000 a year.

"This report clearly shows that credit unions are serving the people Congress originally intended they serve - middle-income, working Americans seeking to improve their lives," said John Radebaugh, the president of the N.C. Credit Union League.

Marc Schaefer, the chief executive of Truliant Federal Credit Union, said that about 52 percent of its members have annual household income at \$47,000 or below for a family of four.

"The study confirms that we are doing what we were set up to do: serve average working Americans and save them hundreds of dollars in fees over for-profit institutions," Schaefer said.

The study could add fuel to the debate about how large a membership base credit unions should be allowed to serve.

Some bank trade associations have said that credit unions should not be allowed to expand because they are already not serving enough members of modest means.

They also said that credit unions compete unfairly because they aren't subject to the same tax and regulatory standards as large and small banks. Schaefer said that credit unions don't pay federal income taxes on profits because a credit union doesn't declare profits.

Credit-union officials said that regulatory limitations restrict their ability to serve more companies whose work forces fit within the family income range reported in the study. About 80 percent of credit unions were formed through a partnership with employers or a government entity.