

The Benefits of Membership

Customized Analysis of Member Benefits For:

Hawaii

September 2014

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Hawaii

The Benefits of Membership

Credit unions generally provide financial benefits to members through lower loan rates, high savings rates, and fewer fees than banking institutions.

The Credit Union National Association (CUNA) estimates that Hawaii credit unions provided \$60,797,351 in direct financial benefits to the state's 874,346 members during the twelve months ending September 2014.

These benefits are equivalent to \$70 per member or \$132 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 Hawaii 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 Hawaii credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Hawaii credit union will save members an average \$200 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.

Hawaii credit unions excel in providing member benefits on many loan and savings products. In particular, Hawaii credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate, home equity loans, credit cards loans.

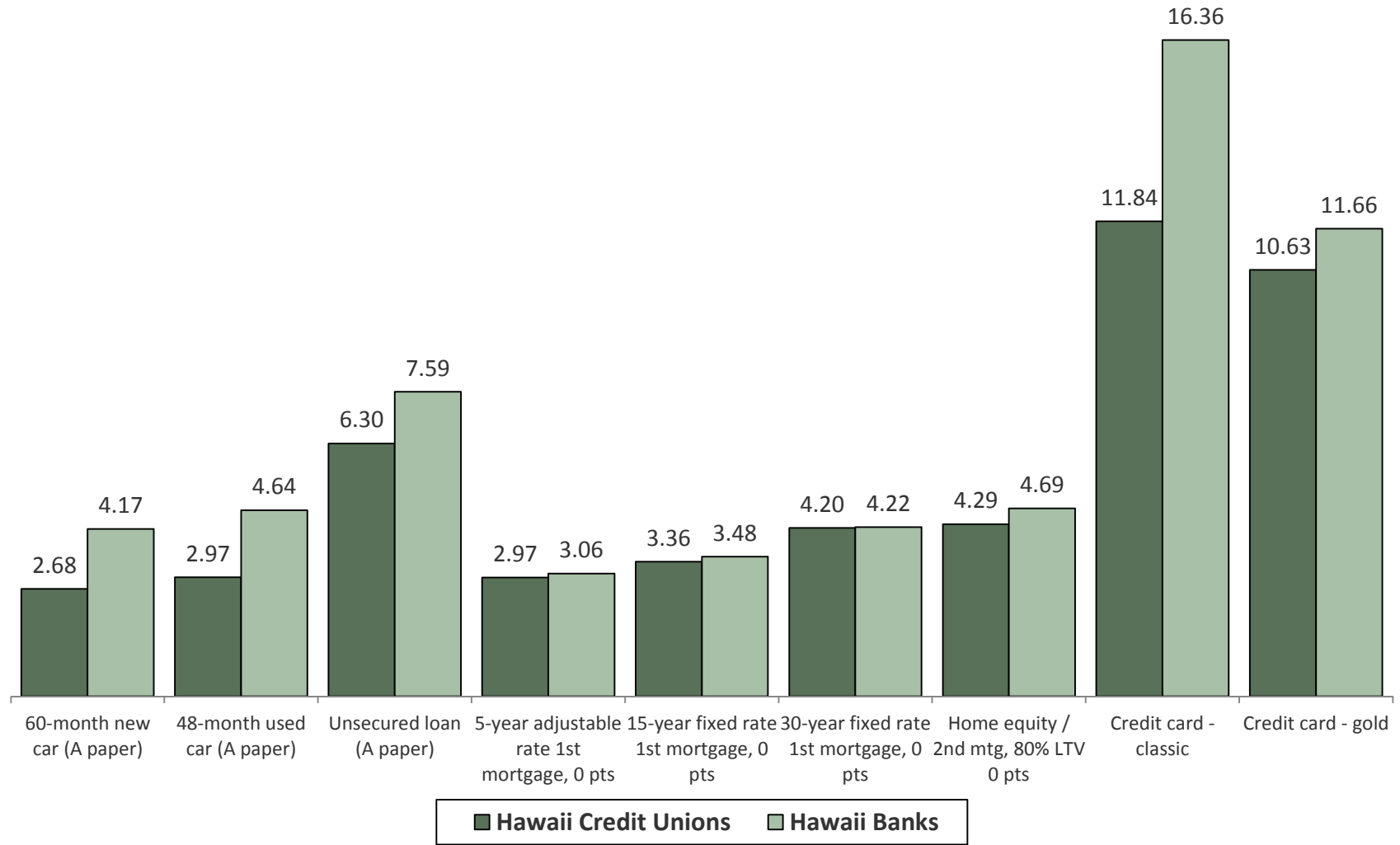
Hawaii credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.



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

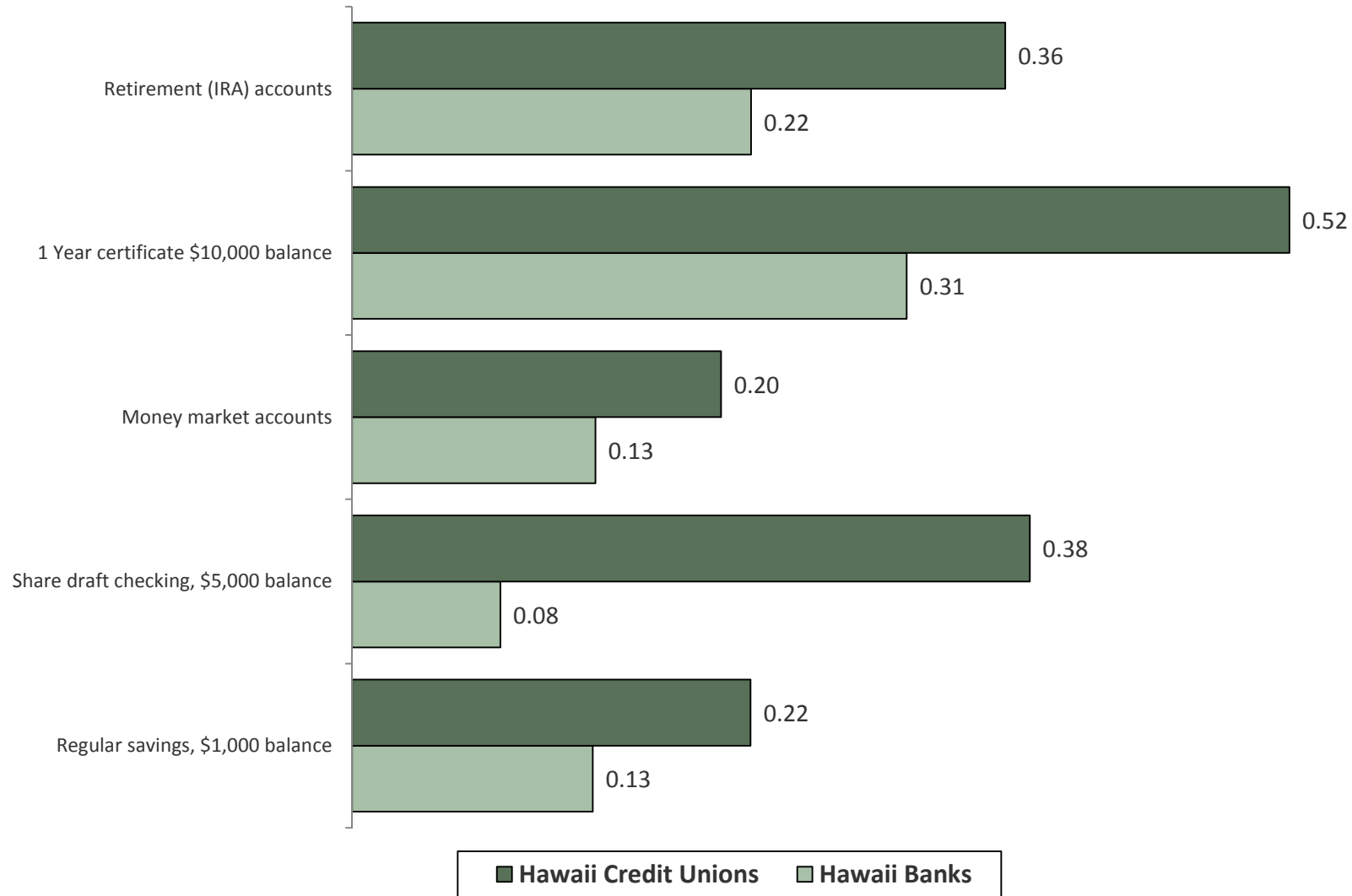
Loan Product Comparative Interest Rates (%)

By Loan Type

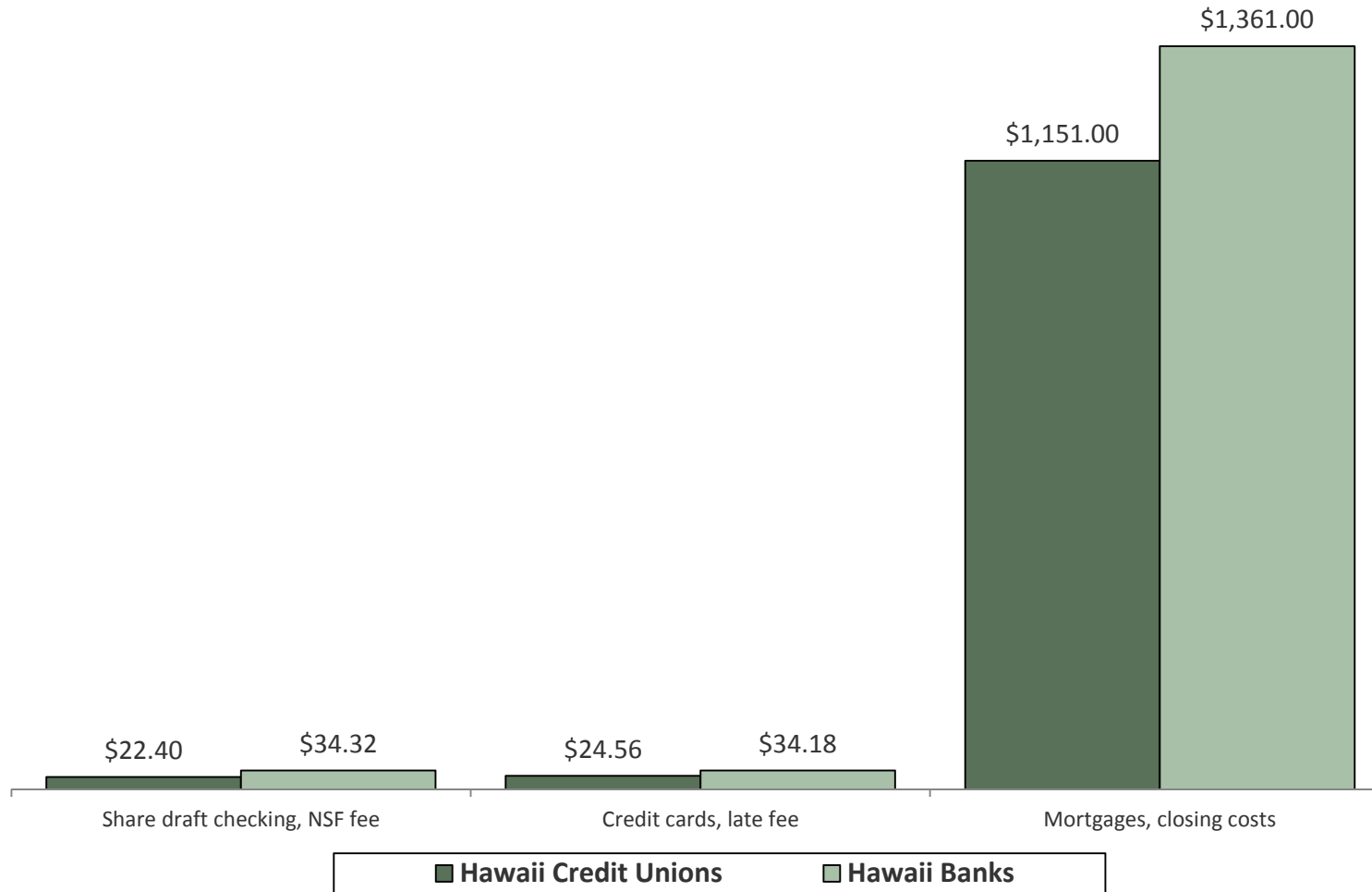


Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees By Type

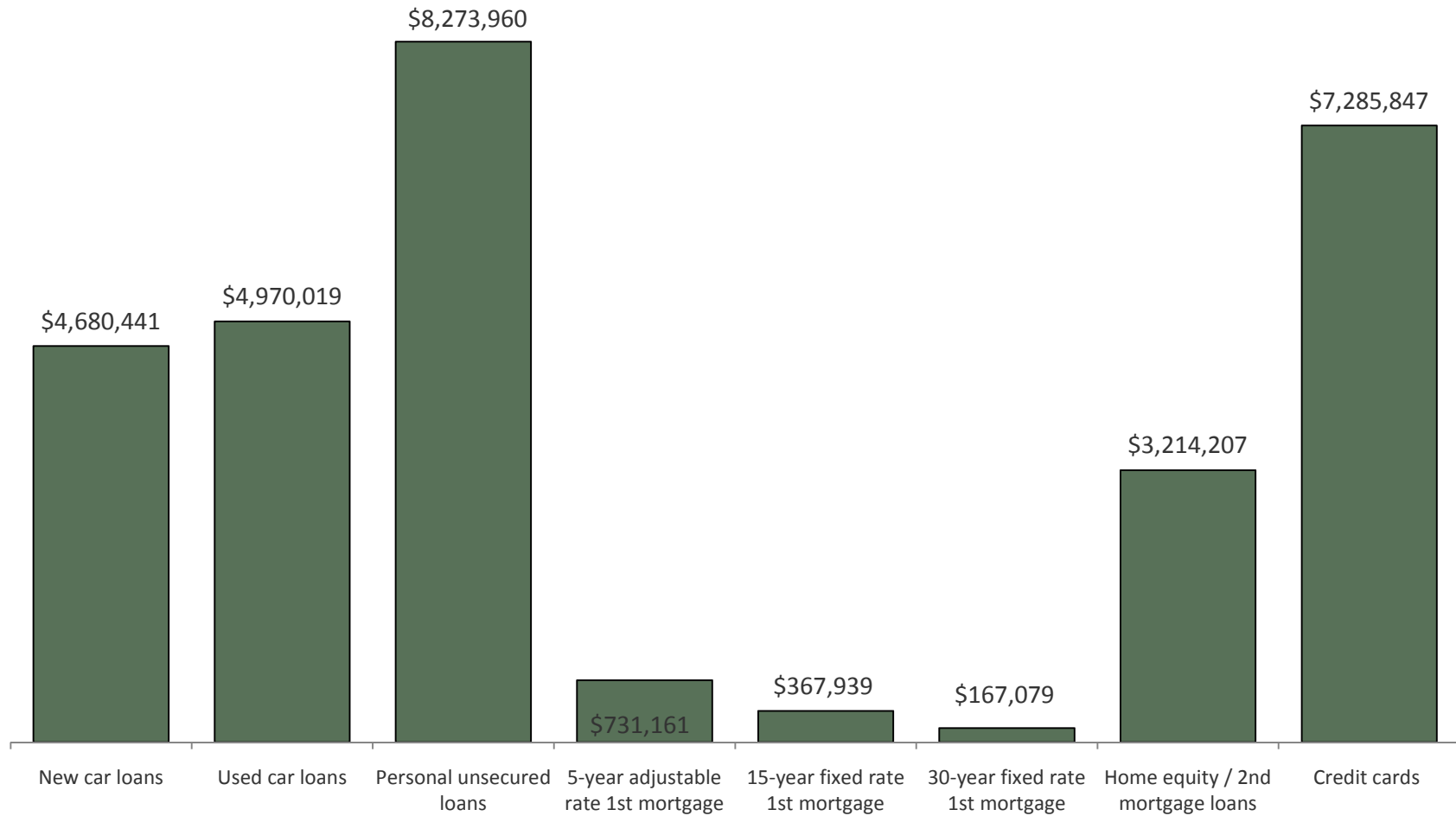


Hawaii
Credit Union and Banking Institution
September 2014 Average Interest Rates and Fees

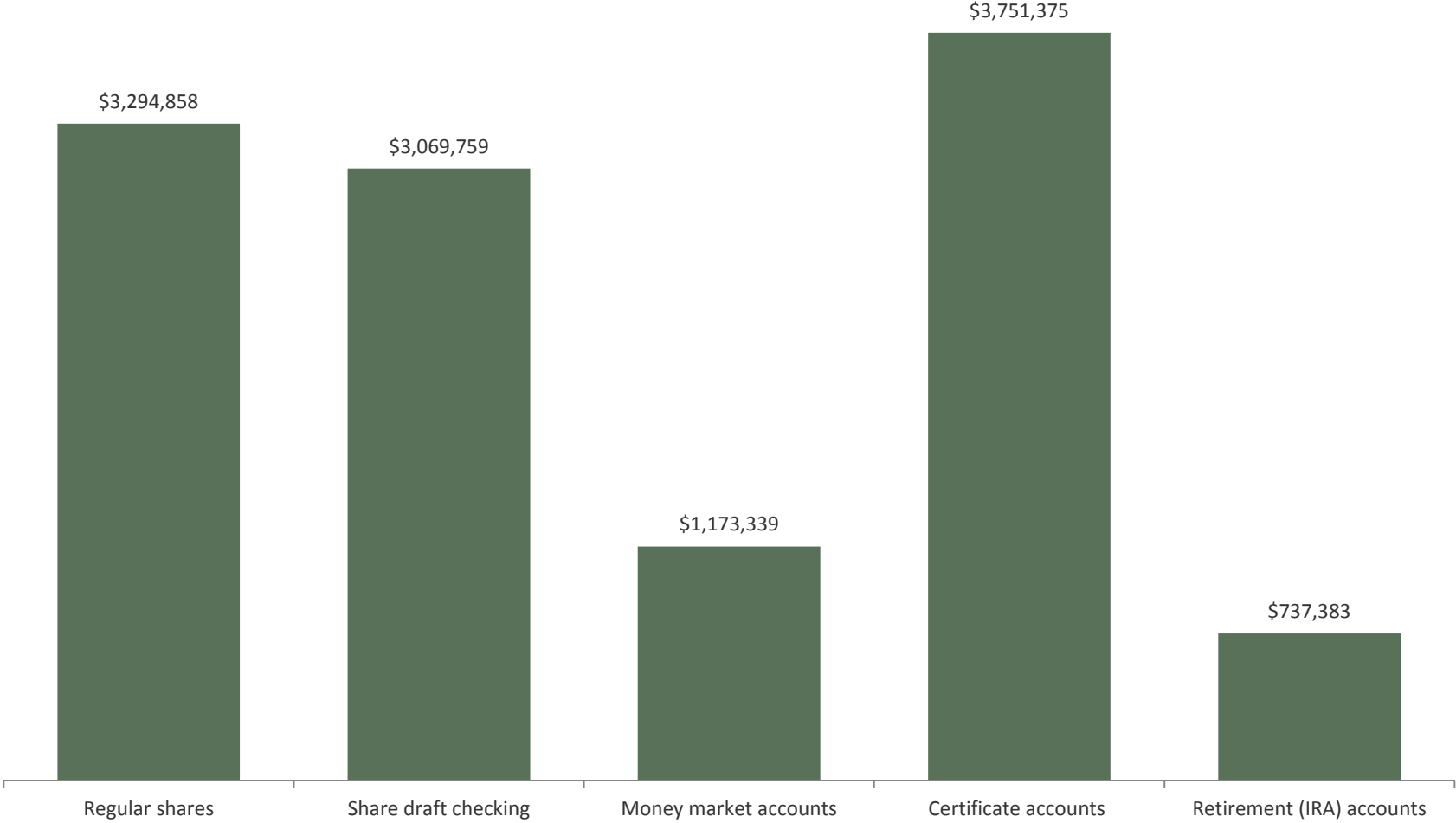
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.68	4.17	-1.49
48-month used car (A paper)	2.97	4.64	-1.67
Unsecured loan (A paper)	6.30	7.59	-1.29
5-year adjustable rate 1st mortgage, 0 pts	2.97	3.06	-0.09
15-year fixed rate 1st mortgage, 0 pts	3.36	3.48	-0.12
30-year fixed rate 1st mortgage, 0 pts	4.20	4.22	-0.02
Home equity / 2nd mtg, 80% LTV 0 pts	4.29	4.69	-0.40
Credit card - classic	11.84	16.36	-4.52
Credit card - gold	10.63	11.66	-1.03
Savings Products			
Regular savings, \$1,000 balance	0.22	0.13	0.09
Share draft checking, \$5,000 balance	0.38	0.08	0.29
Money market accounts	0.20	0.13	0.07
1 Year certificate \$10,000 balance	0.52	0.31	0.21
Retirement (IRA) accounts	0.36	0.22	0.14
Fee Income			
Share draft checking, NSF fee	\$22.40	\$34.32	-\$11.92
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Informa Research Services

State Credit Unions' Total Loan Rate Benefits Compared to State Banking Institutions by Loan Type



State Credit Unions' Total Savings Dividend Benefits Compared to State Banking Institutions by Account Type



Estimated Financial Benefits for Hawaii Credit Unions September 2014

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Hawaii Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	313,282,499	-1.49	\$4,680,441
Used car loans	298,320,450	-1.67	\$4,970,019
Personal unsecured loans	640,399,366	-1.29	\$8,273,960
5-year adjustable rate 1st mortgage	786,194,330	-0.09	\$731,161
15-year fixed rate 1st mortgage	296,725,267	-0.12	\$367,939
30-year fixed rate 1st mortgage	696,161,690	-0.02	\$167,079
Home equity / 2nd mortgage loans	809,623,989	-0.40	\$3,214,207
Credit cards	199,749,060	-4.52	\$7,285,847
Interest rebates in period			\$149,779
Total CU member benefits arising from lower interest rates on loan products:			\$29,840,431
 <u>Savings</u>			
Regular shares	3,774,323,958	0.09	\$3,294,858
Share draft checking	1,048,075,794	0.29	\$3,069,759
Money market accounts	1,688,257,394	0.07	\$1,173,339
Certificate accounts	1,771,778,655	0.21	\$3,751,375
Retirement (IRA) accounts	524,400,082	0.14	\$737,383
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$12,026,714
 <u>Fee Income</u>			
Total CU member benefit arising from fewer / lower fees:			\$18,930,205
 Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$60,797,351
 Total CU member benefit / member:			\$70
Total CU member benefit / member household:			\$132

Source: Informa Research Services, NCUA, and CUNA

(1) Average balance as of September 2014 and September 2013, according to the NCUA call report.; (2) Source for rates and fees: Informa Research Services;

**Hawaii
Performance Profile**

Demographic Information	Sep 14	Sep 13
Number of branches	168	180
Total assets (\$ mil)	10,274	10,083
Total loans (\$ mil)	4,244	4,125
Total surplus funds (\$ mil)	5,661	5,598
Total savings (\$ mil)	9,045	8,891
Total members (thousands)	880	875
Growth Rates (Trailing 12 months) *		
Total assets	2.6 %	2.5 %
Total loans	3.4 %	-0.4 %
Total surplus funds	2.0 %	5.1 %
Total savings	2.5 %	2.8 %
Total members	1.4 %	1.9 %
Earnings - Basis Pts. *		
Yield on total assets	284	290
Dividend / interest cost of assets	31	37
Fee & other income	93	86
Operating expense	272	287
Loss Provisions	10	14
Net Income (ROA) after stabilization exp	64	37
Capital adequacy		
Net worth / assets	11.0	10.7
Asset quality *		
Delinquencies / loans	1.1	1.3
Net chargeoffs / average loans	0.4	0.5
Total borrower-bankruptcies	4	5
Bankruptcies per 1000 members	0.3	0.4
Asset/Liability Management		
Loans / savings	46.9	46.4
Loans / assets	41.3	40.9
Long-term assets / assets	39.7	39.8
Core deposits/shares & borrowings	55.1	53.0
Productivity		
Members / potential members	9.7	9.7
Borrowers / members	32.9	32.7
Members / FTE	404	396
Average shares / members (\$)	10,273	10,159
Average loan balances (\$)	14,659	14,415
Salary & Benefits / FTE	62,067	62,143

* 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.