

# ***The Benefits of Membership***

*Customized Analysis of Member Benefits For:*

**Colorado**

***June 2014***

*Prepared by:*

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



# Colorado

## *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 Colorado credit unions provided \$91,169,588 in direct financial benefits to the state's 1,544,842 members during the twelve months ending June 2014.

**These benefits are equivalent to \$69 per member or \$112 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 Colorado 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 Colorado credit unions.

Consider this:

**Financing a \$26,000 new automobile for 60 months at a Colorado credit union will save members an average \$124 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.

Colorado credit unions excel in providing member benefits on many loan and saving products. In particular, Colorado credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, home equity loans, credit cards loans.

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

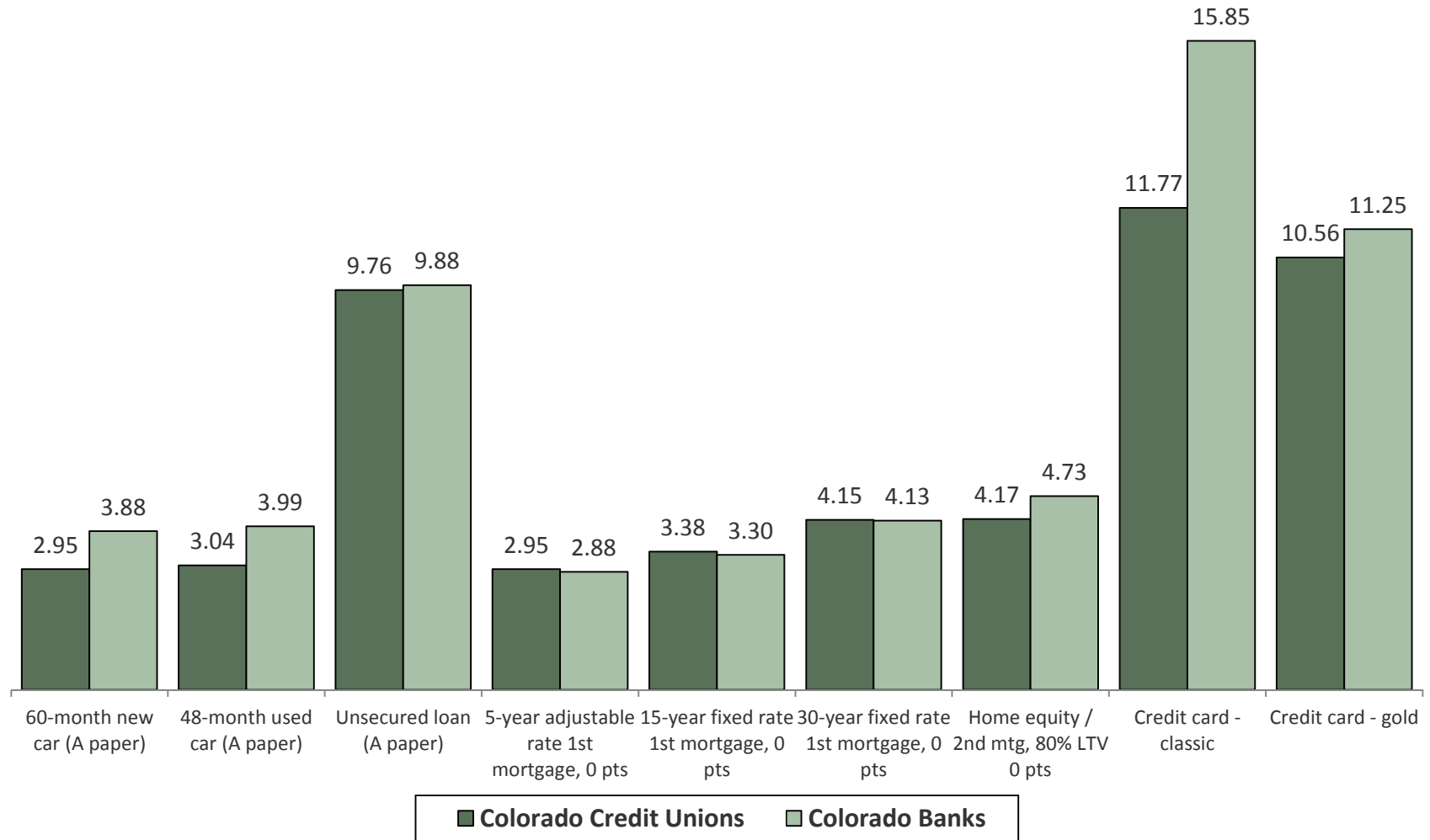


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Source: Datatrac, NCUA, and CUNA.  
(1) Assumes 1.9 credit union members per household.

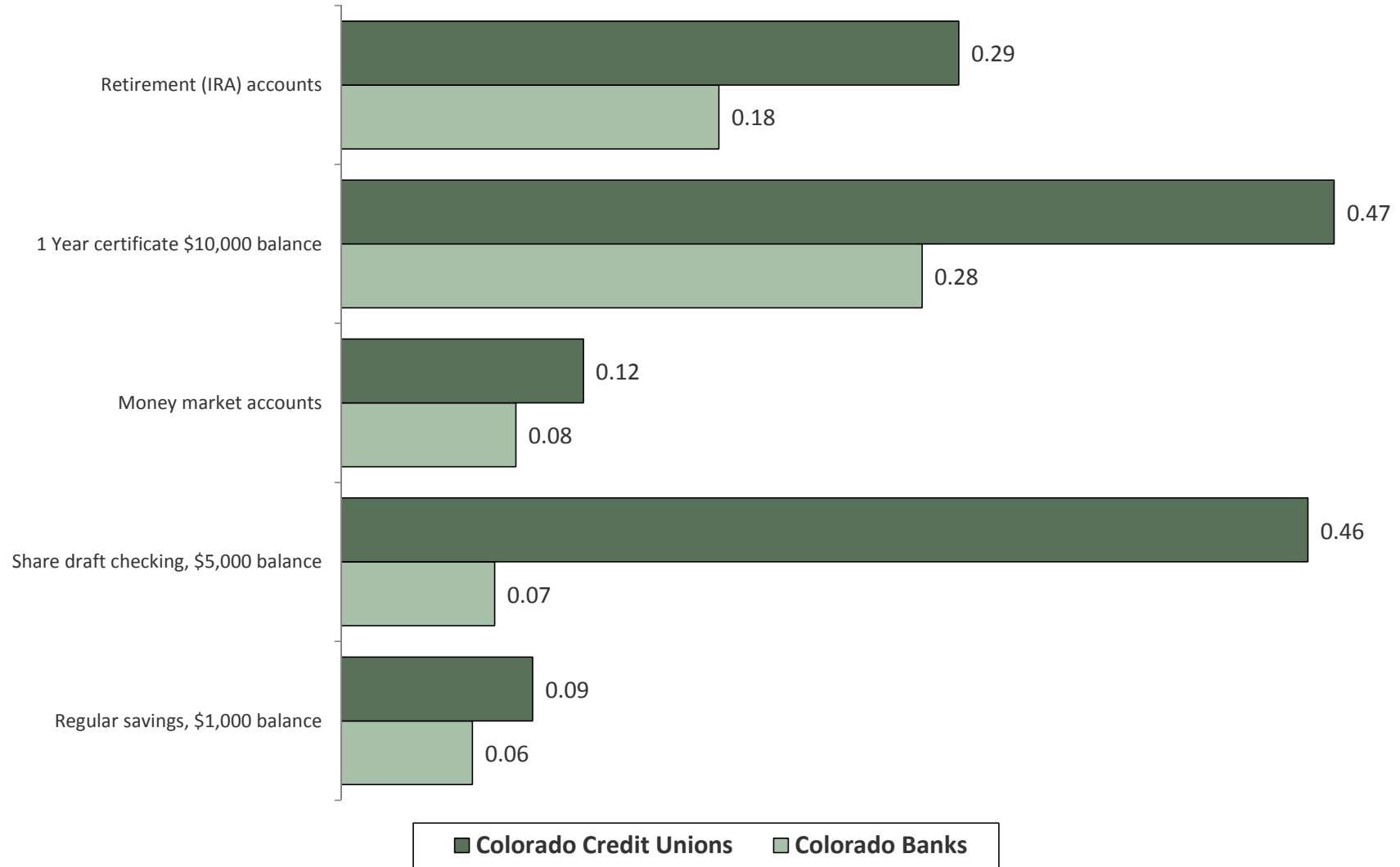
# Loan Product Comparative Interest Rates (%)

## By Loan Type



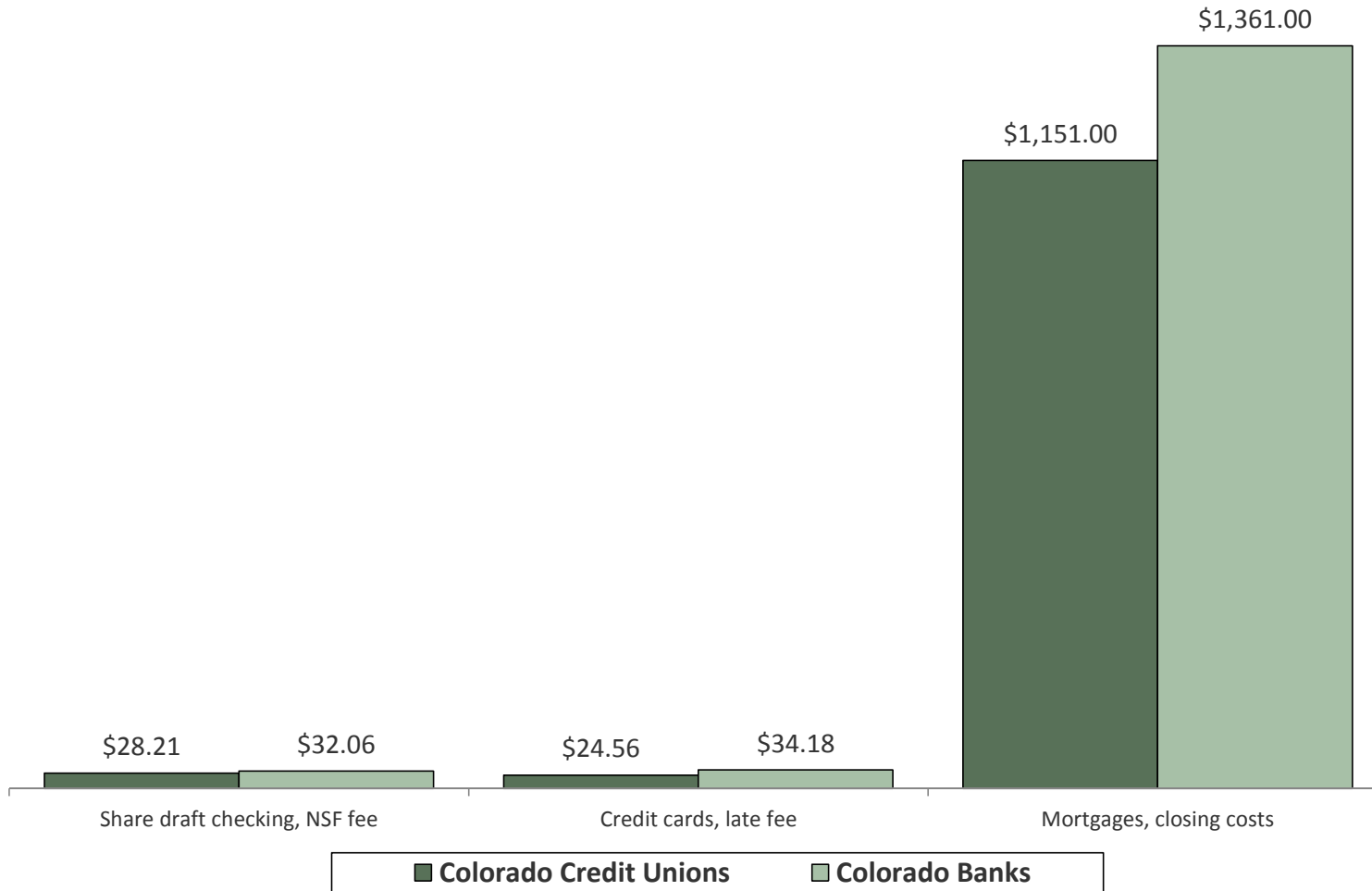
# Savings Products Comparative Interest Rates(%)

## By Savings Account Type



# Comparative Fees

## By Type

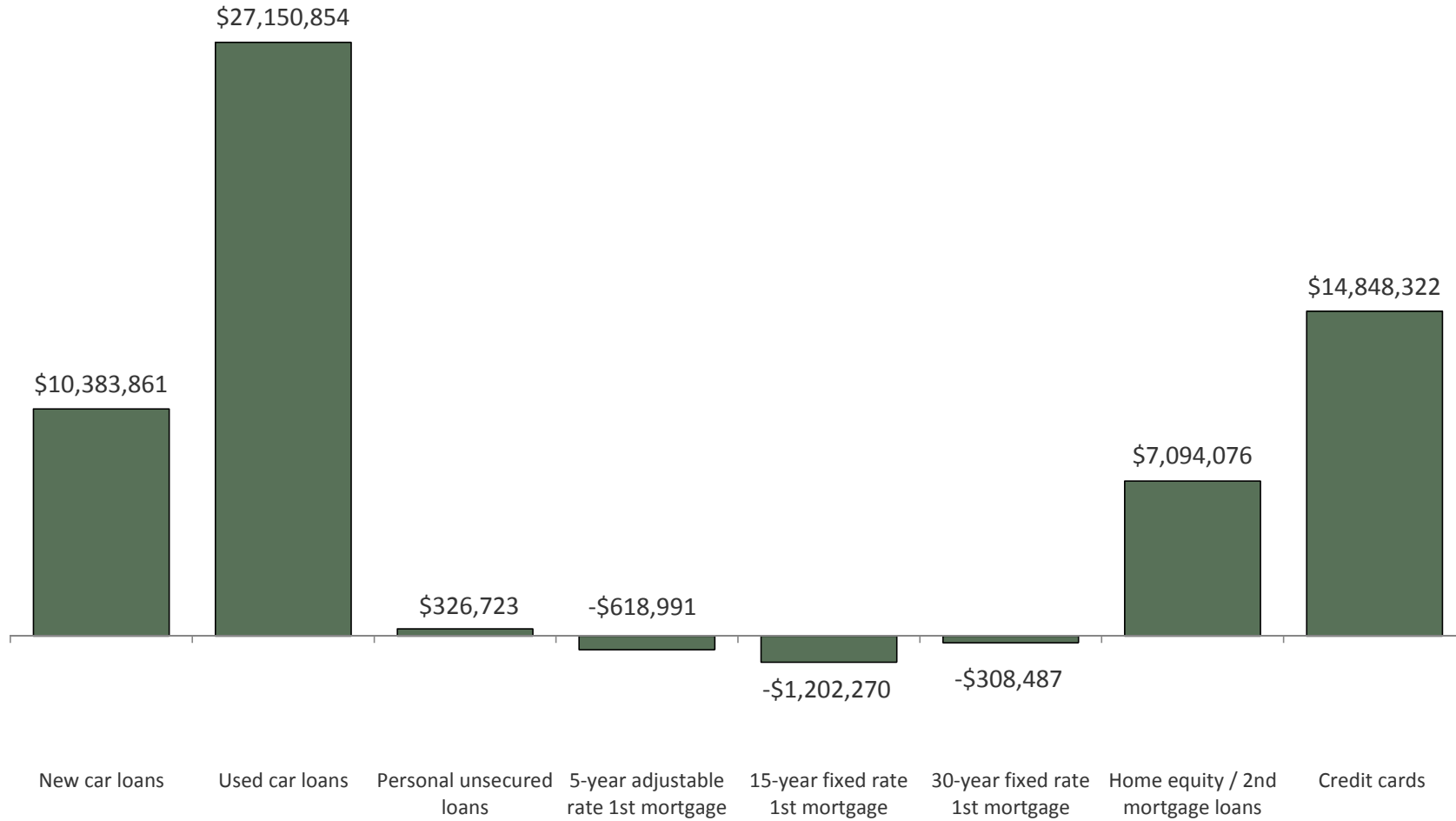


**Colorado**  
**Credit Union and Banking Institution**  
**Mid-Year 2014 Average Interest Rates and Fees**

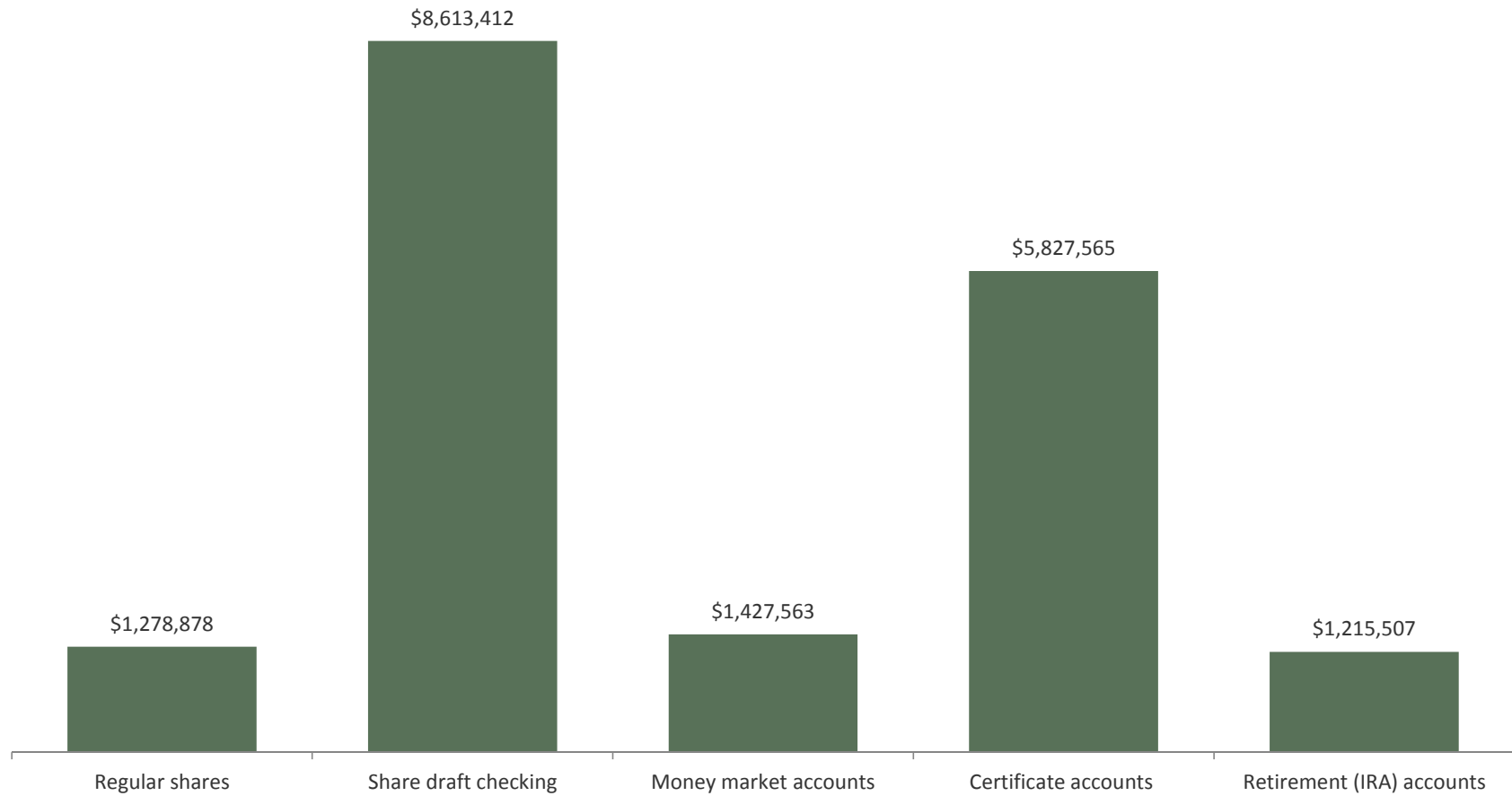
<b>Loan Products</b>	<b>Average Rate at Credit Unions (%)</b>	<b>Average Rate at Banks (%)</b>	<b>Rate Difference vs. Banks (%)</b>
60-month new car (A paper)	2.95	3.88	-0.92
48-month used car (A paper)	3.04	3.99	-0.95
Unsecured loan (A paper)	9.76	9.88	-0.12
5-year adjustable rate 1st mortgage, 0 pts	2.95	2.88	0.06
15-year fixed rate 1st mortgage, 0 pts	3.38	3.30	0.08
30-year fixed rate 1st mortgage, 0 pts	4.15	4.13	0.02
Home equity / 2nd mtg, 80% LTV 0 pts	4.17	4.73	-0.56
Credit card - classic	11.77	15.85	-4.08
Credit card - gold	10.56	11.25	-0.69
<b>Savings Products</b>			
Regular savings, \$1,000 balance	0.09	0.06	0.03
Share draft checking, \$5,000 balance	0.46	0.07	0.39
Money market accounts	0.12	0.08	0.03
1 Year certificate \$10,000 balance	0.47	0.28	0.20
Retirement (IRA) accounts	0.29	0.18	0.11
<b>Fee Income</b>			
Share draft checking, NSF fee	\$28.21	\$32.06	-\$3.85
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 Colorado Credit Unions Mid-Year 2014

<u>Loans</u>	Avg. Balance at Credit Unions (1)	Rate Difference vs. Colorado Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,123,794,446	-0.92	\$10,383,861
Used car loans	2,864,014,173	-0.95	\$27,150,854
Personal unsecured loans	272,269,062	-0.12	\$326,723
5-year adjustable rate 1st mortgage	967,174,060	0.06	-\$618,991
15-year fixed rate 1st mortgage	1,484,284,242	0.08	-\$1,202,270
30-year fixed rate 1st mortgage	1,928,042,607	0.02	-\$308,487
Home equity / 2nd mortgage loans	1,275,913,016	-0.56	\$7,094,076
Credit cards	459,344,827	-4.08	\$14,848,322
Interest rebates in period			\$0
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$57,674,087</b>
<u>Savings</u>			
Regular shares	4,455,313,543	0.03	\$1,278,878
Share draft checking	2,223,518,182	0.39	\$8,613,412
Money market accounts	4,434,373,143	0.03	\$1,427,563
Certificate accounts	2,969,116,003	0.20	\$5,827,565
Retirement (IRA) accounts	1,064,060,035	0.11	\$1,215,507
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on saving products:</b>			<b>\$18,362,925</b>
<u>Fee Income</u>			
<b>Total CU member benefit arising from fewer/lower fees:</b>			<b>\$15,132,576</b>
<b>Total CU member benefit arising from interest rates on loan and savings products and lower fees:</b>			<b>\$91,169,588</b>
<b>Total CU member benefit / member:</b>			<b>\$59</b>
<b>Total CU member benefit / member household:</b>			<b>\$112</b>

Source: Datatrac, NCUA, and CUNA

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

**Colorado  
Performance Profile**

<b>Demographic Information</b>	<b>Jun 14</b>	<b>Jun 13</b>
Number of branches	293	294
Total assets (\$ mil)	18,330	17,360
Total loans (\$ mil)	11,427	10,171
Total surplus funds (\$ mil)	6,241	6,567
Total savings (\$ mil)	15,645	14,900
Total members (thousands)	1,574	1,518
<b>Growth Rates (Trailing 12 months) *</b>		
Total assets	5.6 %	5.3 %
Total loans	12.4 %	7.2 %
Total surplus funds	-4.9 %	2.3 %
Total savings	5.1 %	5.1 %
Total members	3.8 %	3.9 %
<b>Earnings - Basis Pts. *</b>		
Yield on total assets	323	320
Dividend/interest cost of assets	39	43
Fee & other income	121	148
Operating expense	306	316
Loss Provisions	17	24
Net Income (ROA) after stabilization exp	83	84
<b>Capital adequacy</b>		
Net worth / assets	11.3	11.1
<b>Asset quality *</b>		
Delinquencies / loans	0.6	0.6
Net chargeoffs / average loans	0.3	0.4
Total borrower-bankruptcies	18	24
Bankruptcies per 1000 members	1.1	1.5
<b>Asset/Liability Management</b>		
Loans / savings	73.0	68.3
Loans / assets	62.3	58.6
Long-term assets / assets	34.6	34.5
Core deposits/shares & borrowings	44.6	42.7
<b>Productivity</b>		
Members/potential members	6.7	8.2
Borrowers/members	57.1	56.2
Members/FTE	400	386
Average shares/members (\$)	9,942	9,814
Average loan balances (\$)	12,714	11,923
Salary & Benefits/FTE	68,729	67,172

\* 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.