

The Benefits of Membership

Customized Analysis of Member Benefits For:

Louisiana

September 2014

Prepared by:

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Kentucky

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 Kentucky credit unions provided \$35,666,994 in direct financial benefits to the state's 766,957 members during the twelve months ending September 2014.

These benefits are equivalent to \$47 per member or \$88 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 Kentucky 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 Kentucky credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Kentucky credit union will save members an average \$62 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.

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

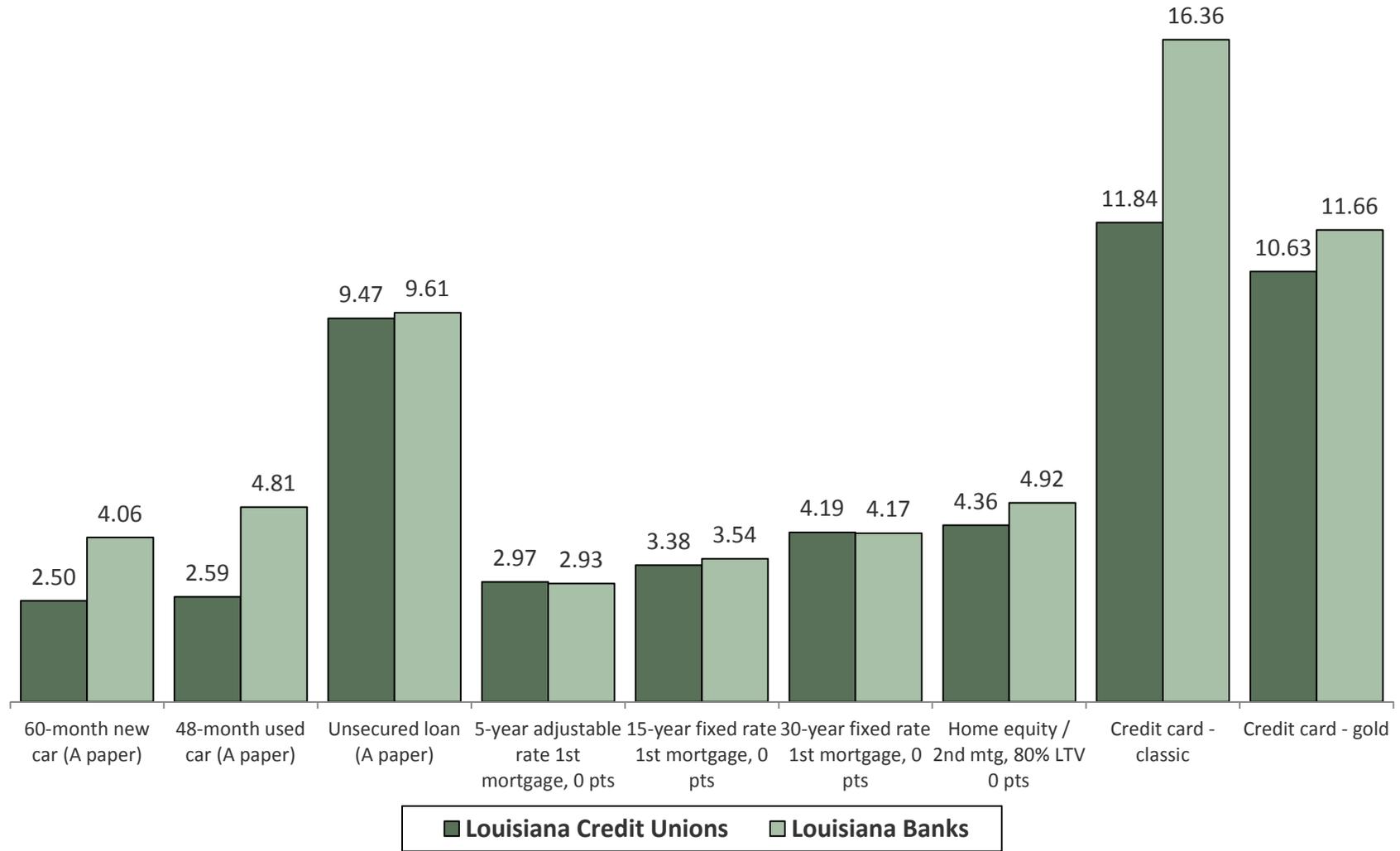
Kentucky credit unions also pay members higher average dividends on the following accounts: share draft checking, money market accounts, certificate accounts, IRAs.



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

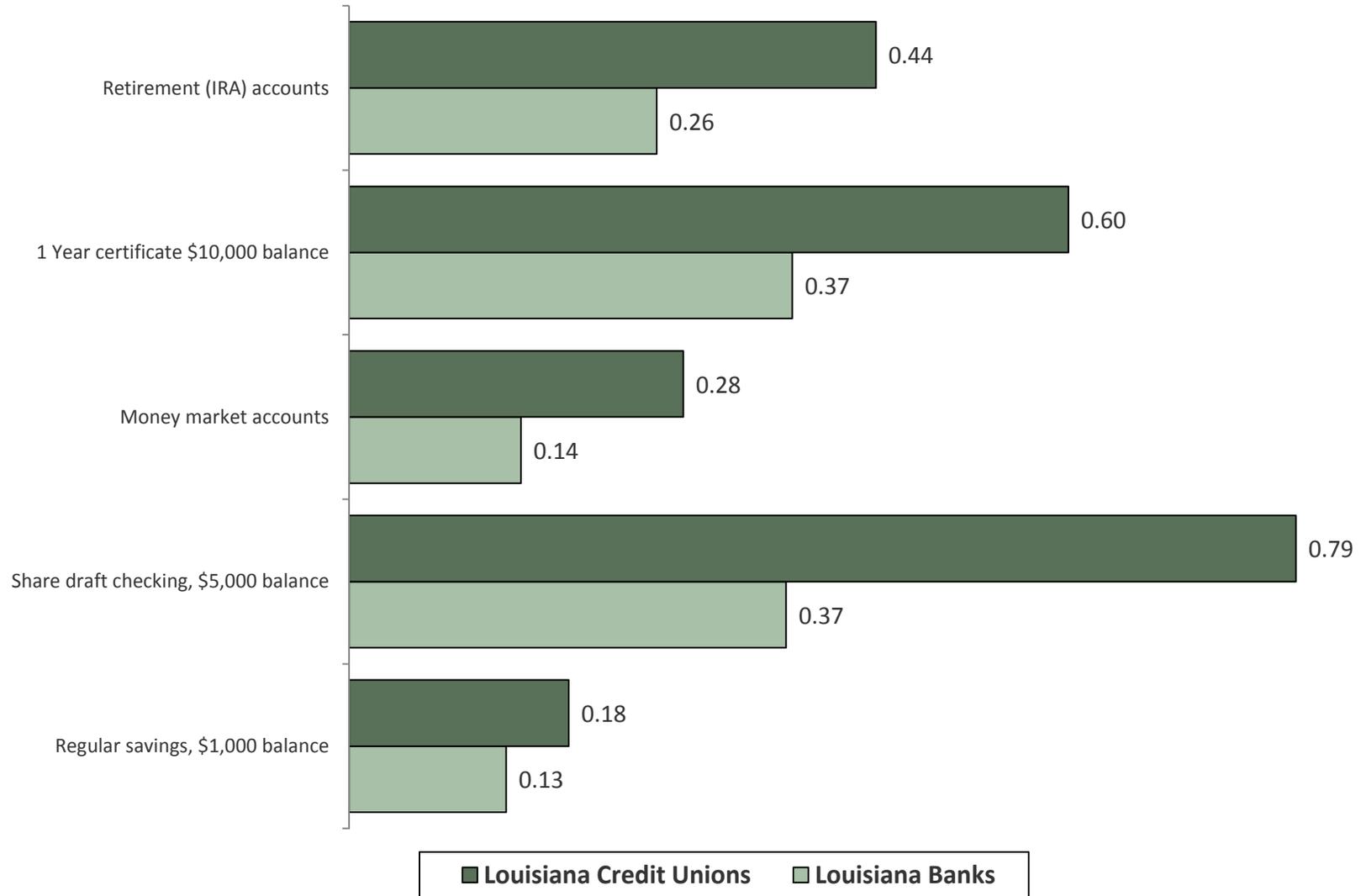
Loan Product Comparative Interest Rates (%)

By Loan Type



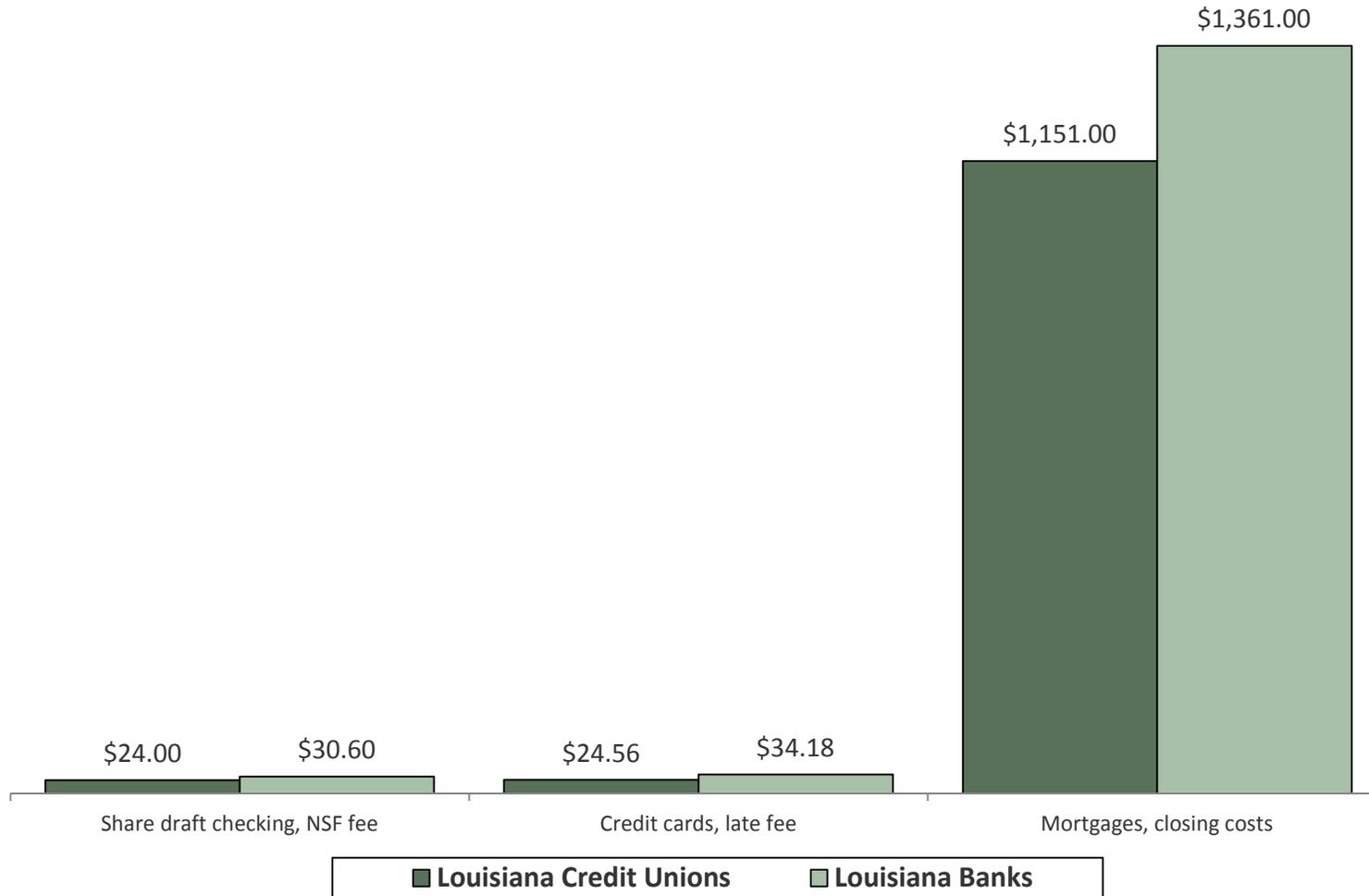
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



Louisiana
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)	2.50	4.06	-1.56
48-month used car (A paper)	2.59	4.81	-2.22
Unsecured loan (A paper)	9.47	9.61	-0.14
5-year adjustable rate 1st mortgage, 0 pts	2.97	2.93	0.04
15-year fixed rate 1st mortgage, 0 pts	3.38	3.54	-0.16
30-year fixed rate 1st mortgage, 0 pts	4.19	4.17	0.02
Home equity / 2nd mtg, 80% LTV 0 pts	4.36	4.92	-0.56
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	0.18	0.13	0.05
Share draft checking, \$5,000 balance	0.79	0.37	0.43
Money market accounts	0.28	0.14	0.14
1 Year certificate \$10,000 balance	0.60	0.37	0.23
Retirement (IRA) accounts	0.44	0.26	0.18
Fee Income			
Share draft checking, NSF fee	\$24.00	\$30.60	-\$6.60
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

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