## The Benefits of Membership

Customized Analysis of Member Benefits For:

### **New York**

September 2014

Prepared by:

Credit Union National Association Economics and Statistics Department



#### New York

#### 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 New York credit unions provided \$407,089,679 in direct financial benefits to the state's 5,005,657 members during the twelve months ending September 2014.

#### These benefits are equivalent to \$81 per member or \$155 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 New York 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 New York credit unions.

#### Consider this:

Financing a \$25,000 new automobile for 60 months at a New York credit union will save members an average \$158 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.

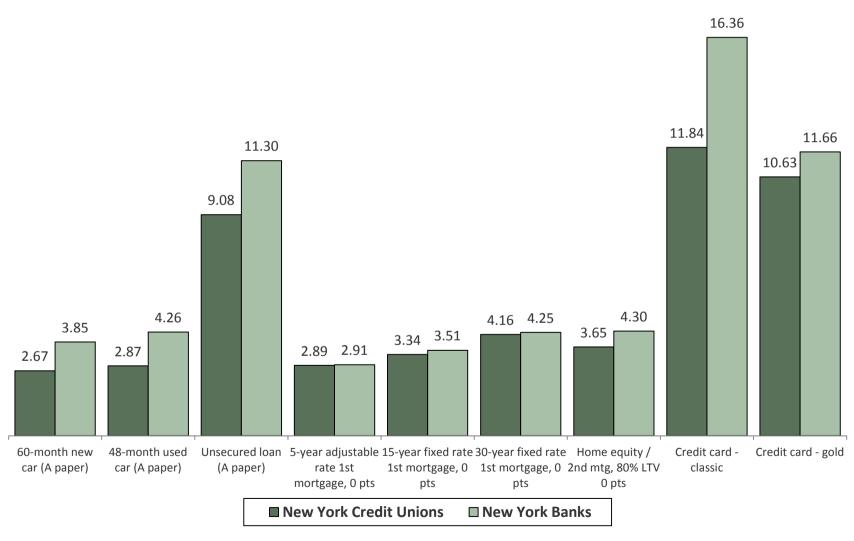
New York credit unions excel in providing member benefits on many loan and savings products. In particular, New York credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate,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

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



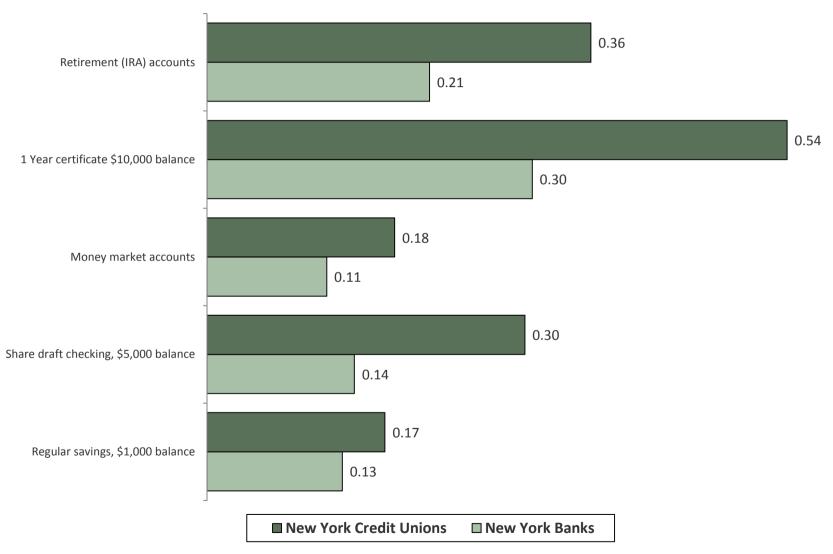
# **Loan Product Comparative Interest Rates (%)**

**By Loan Type** 



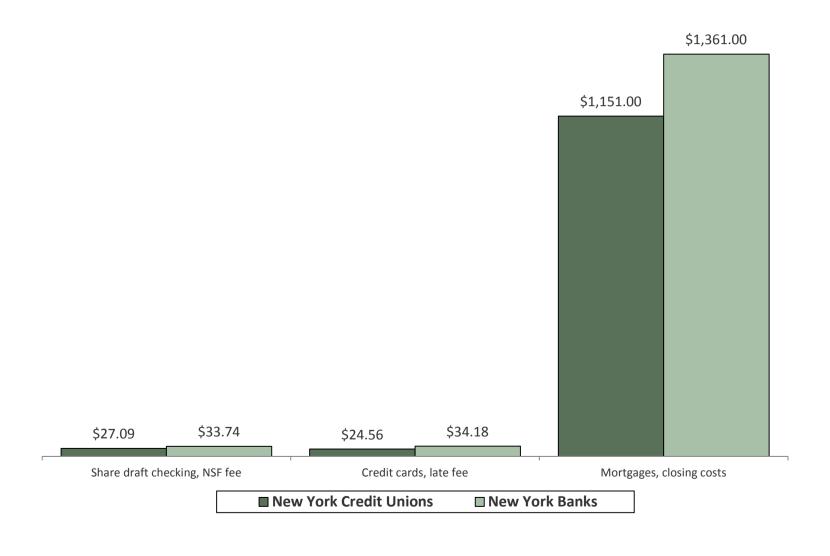
## **Savings Products Comparative Interest Rates(%)**

**By Savings Account Type** 



# **Comparative Fees**

**By Type** 



#### New York

### Credit Union and Banking Institution

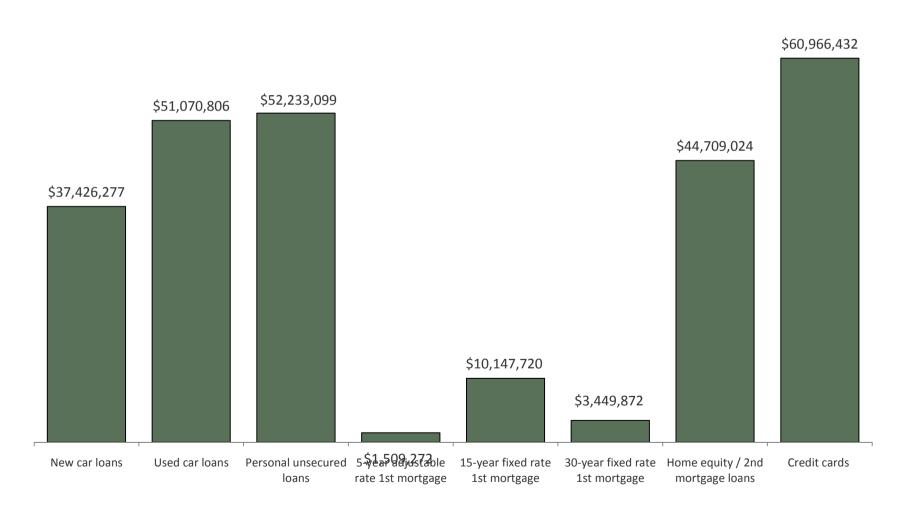
### September 2014 Average Interest Rates and Fees

,				
Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)		
2.67	3.85	-1.18		
2.87	4.26	-1.39		
9.08	11.30	-2.22		
2.89	2.91	-0.03		
3.34	3.51	-0.17		
4.16	4.25	-0.08		
3.65	4.30	-0.65		
11.84	16.36	-4.52		
10.63	11.66	-1.03		
0.17	0.13	0.04		
0.30	0.14	0.16		
0.18	0.11	0.06		
0.54	0.30	0.24		
0.36	0.21	0.15		
\$27.09	\$33.74	-\$6.65		
\$24.56	\$34.18	-\$9.62		
\$1,151.00	\$1,361.00	-\$210.00		
	2.67 2.87 9.08 2.89 3.34 4.16 3.65 11.84 10.63  0.17 0.30 0.18 0.54 0.36	Credit Unions (%)         at Banks (%)           2.67         3.85           2.87         4.26           9.08         11.30           2.89         2.91           3.34         3.51           4.16         4.25           3.65         4.30           11.84         16.36           10.63         11.66           0.17         0.13           0.30         0.14           0.18         0.11           0.54         0.30           0.36         0.21           \$27.09         \$33.74           \$24.56         \$34.18		

Source: Informa Research Services

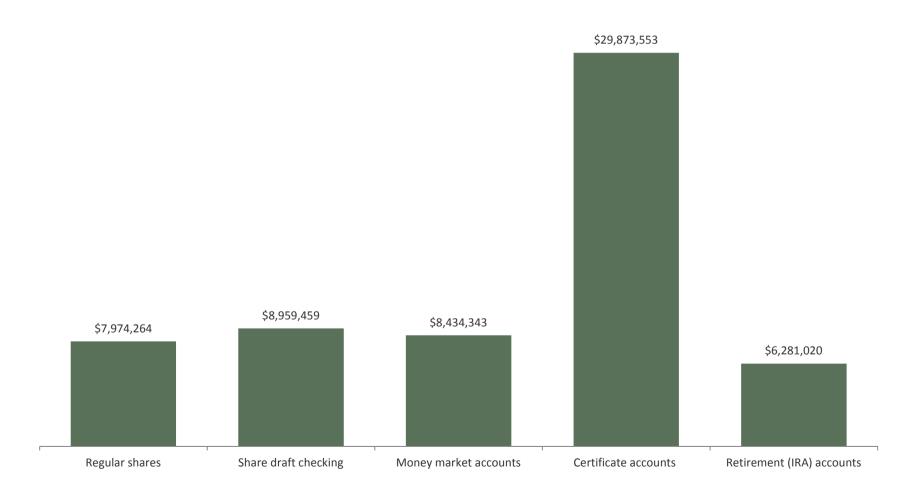
### **State Credit Unions' Total Loan Rate Benefits**

# 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 New York Credit Unions September 2014

	Avg. Balance at	Rate Difference vs. New York	Total Financial Benefit to Your
<u>Loans</u>	Credit Unions (1)	Banks (%) (2)	Members
New car loans	3,163,675,116	-1.18	\$37,426,277
Used car loans	3,671,517,294	-1.39	\$51,070,806
Personal unsecured loans	2,358,153,449	-2.22	\$52,233,099
5-year adjustable rate 1st mortgage	5,804,892,157	-0.03	\$1,509,272
15-year fixed rate 1st mortgage	5,934,339,464	-0.17	\$10,147,720
30-year fixed rate 1st mortgage	4,156,471,989	-0.08	\$3,449,872
Home equity / 2nd mortgage loans	6,920,901,592	-0.65	\$44,709,024
Credit cards	1,671,458,043	-4.52	\$60,966,432
Interest rebates in period			\$2,662
Total CU member benefits arising from lower interest r	ates on loan products:		\$261,515,164
Savings	20 022 400 045	0.04	¢7.074.264
Regular shares	20,032,190,015	0.04	\$7,974,264
Share draft checking	5,628,894,400	0.16	\$8,959,459
Money market accounts	13,309,422,854	0.06	\$8,434,343
Certificate accounts	12,553,338,581	0.24	\$29,873,553
Retirement (IRA) accounts	4,168,668,721	0.15	\$6,281,020
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest ra	ates on savings products:		\$61,522,639
Fee Income			
Total CU member benefit arising from fewer / lower fee	es:		\$84,051,877
Total CU member benefit arising from interest rate	s on loans, savings products and low	er fees:	\$407,089,679
			\$81
Total CU member benefit / member:			ψe i

New York Performance Profile

Demographic Information	Sep 14	Sep 13
Number of branches	1033	1017
otal assets (\$ mil)	67,556	64,775
Total loans (\$ mil)	39,946	36,786
Total surplus funds (\$ mil)	25,304	25,916
otal savings (\$ mil)	57,707	55,776
otal members (thousands)	5,091	4,939
Growth Rates (Trailing 12 months) *		
Total assets	4.5 %	5.5 %
Total loans	8.8 %	6.4 %
otal surplus funds	-2.0 %	4.2 %
otal savings	3.7 %	5.6 %
otal members	3.5 %	4.1 %
Earnings - Basis Pts. *		
/ield on total assets	326	330
Dividend / interest cost of assets	56	63
ee & other income	98	106
Operating expense	272	278
oss Provisions	20	20
Net Income (ROA) after stabilization exp	75	74
Capital adequacy		
Net worth / assets	11.2	10.9
Asset quality *		
Delinguencies / loans	1.1	1.1
Net chargeoffs / average loans	0.3	0.4
otal borrower-bankruptcies	12	13
Bankruptcies per 1000 members	0.9	1.1
Asset/Liability Management		
oans / savings	69.2	66.0
oans / assets	59.1	56.8
ong-term assets / assets	45.0	45.5
Core deposits/shares & borrowings	45.0	43.6
Productivity		
Members / potential members	9.1	9.1
Borrowers / members	50.1	48.8
Members / FTE	406	404
Average shares / members (\$)	11,336	11,293
Average loan balances (\$)	15,678	15,263
Salary & Benefits / FTE	72,227	71,770

<sup>\*</sup> 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.