

CUNA Michigan  
**MEMBERSHIP BENEFITS  
REPORT**

## Michigan

### 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 Michigan credit unions provided \$482,059,088 in direct financial benefits to the state's 5,404,538 members during the twelve months ending September 2019.

**These benefits are equivalent to \$89 per member or \$187 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 Michigan 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 Michigan credit unions.

Consider this:

**Financing a \$25,000 new automobile for 60 months at a Michigan credit union will save members an average \$113 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.

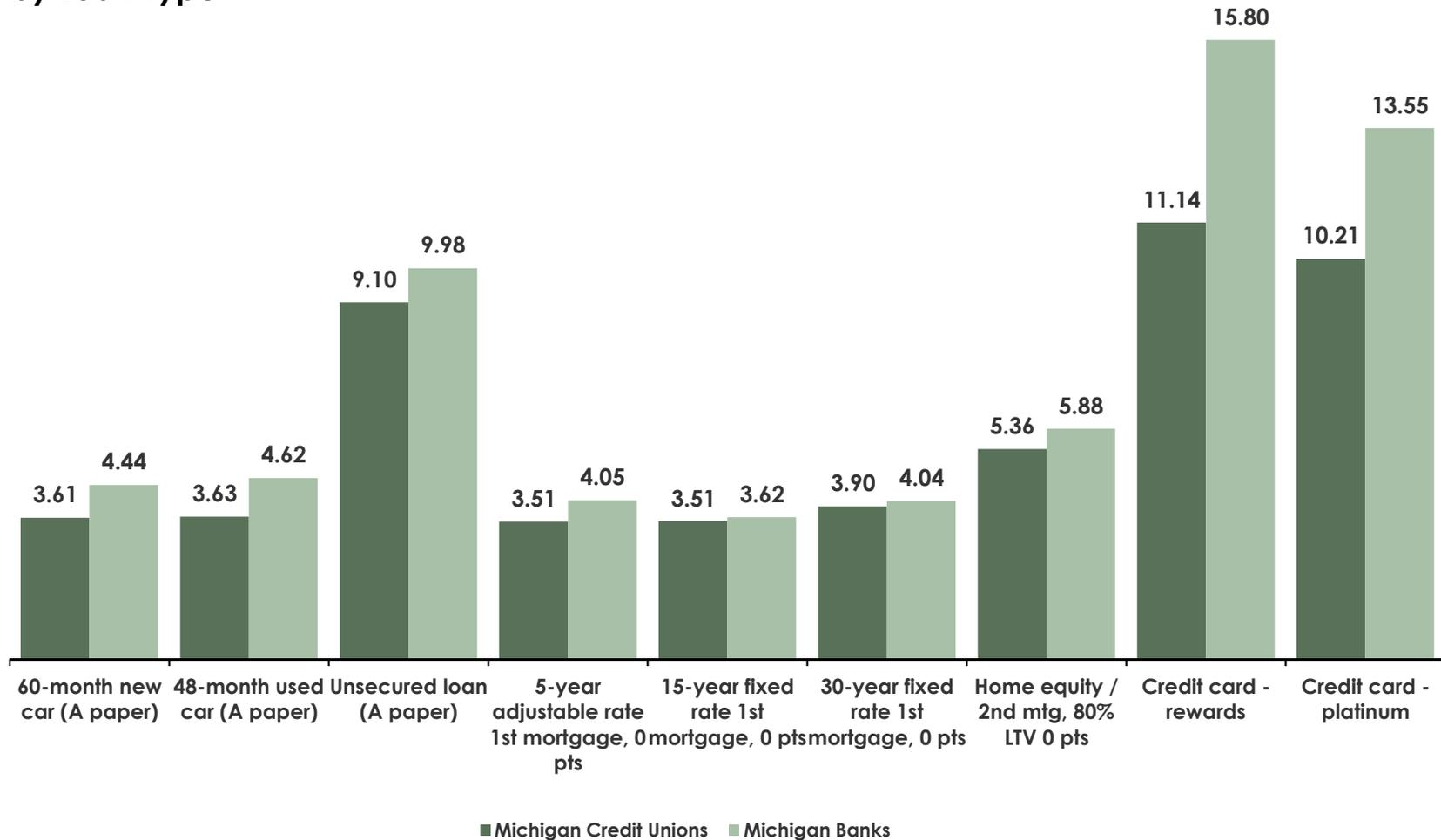
Michigan credit unions excel in providing member benefits on many loan and savings products. In particular, Michigan credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, personal unsecured loans, first mortgage-fixed rate, first mortgage-adjustable rate,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

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



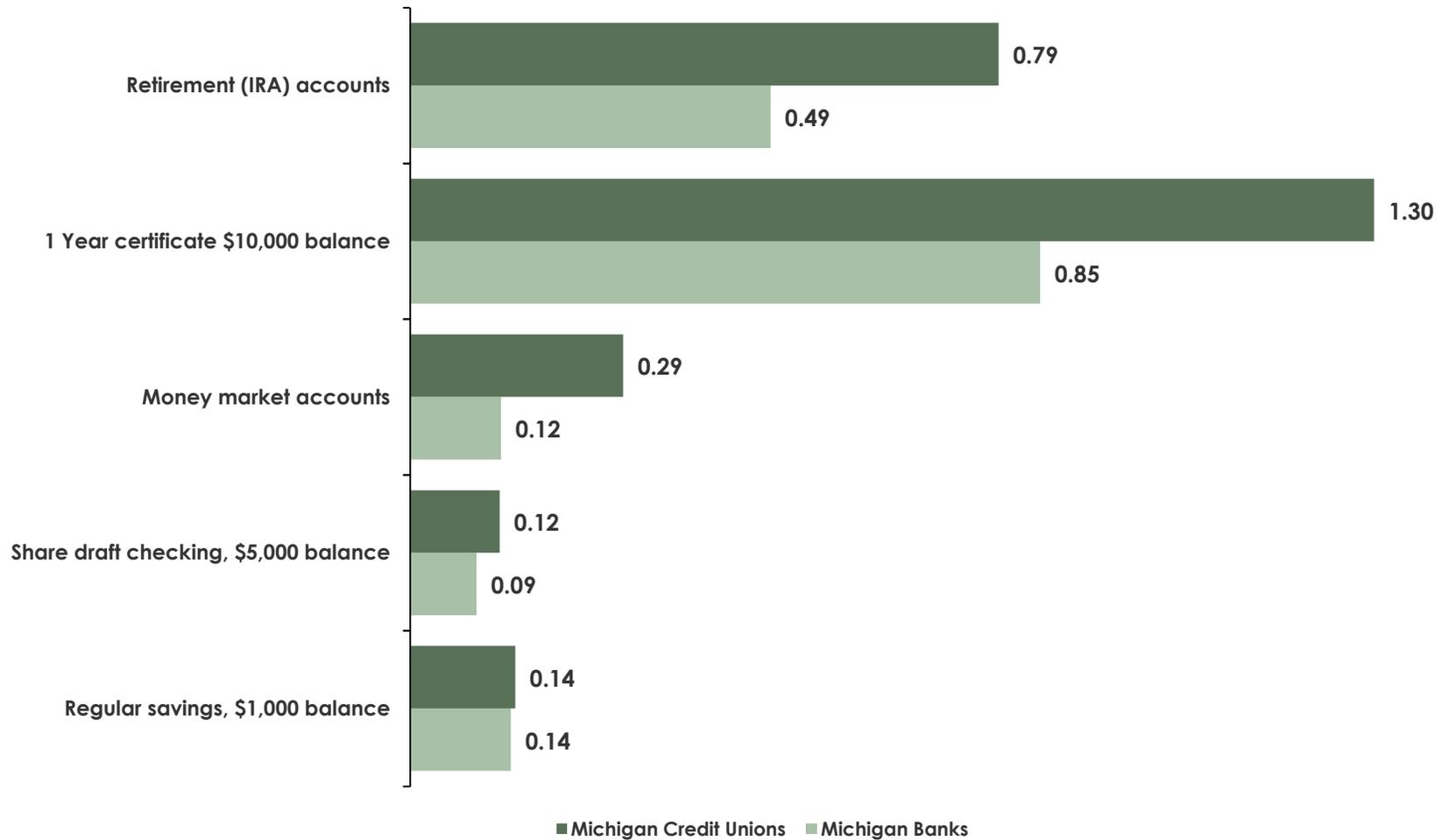
## Loan Product Comparative Interest Rates (%)

by Loan Type



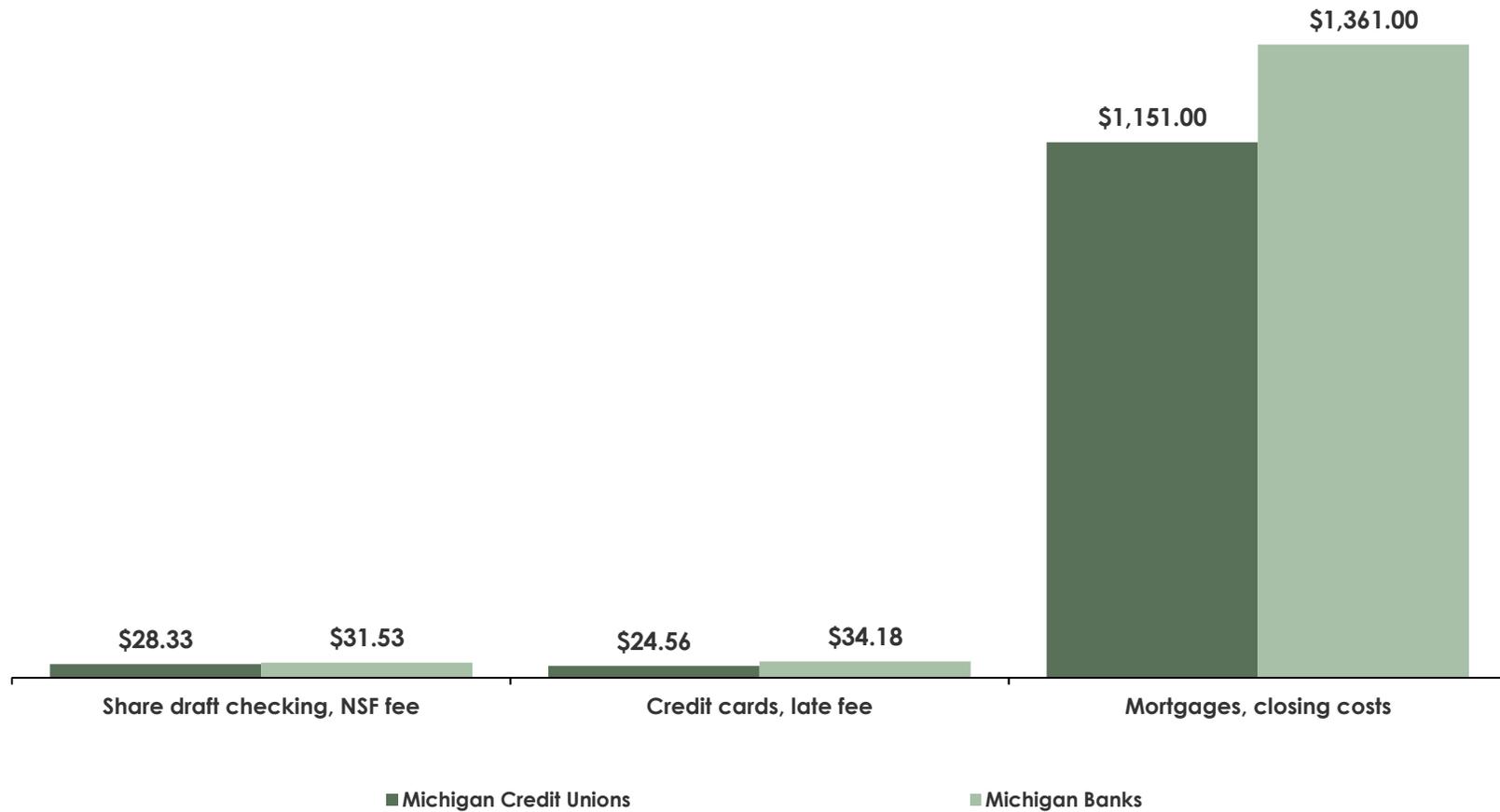
## Savings Product Comparative Interest Rates (%)

### by Savings Account Type



## Comparative Fees

by Type



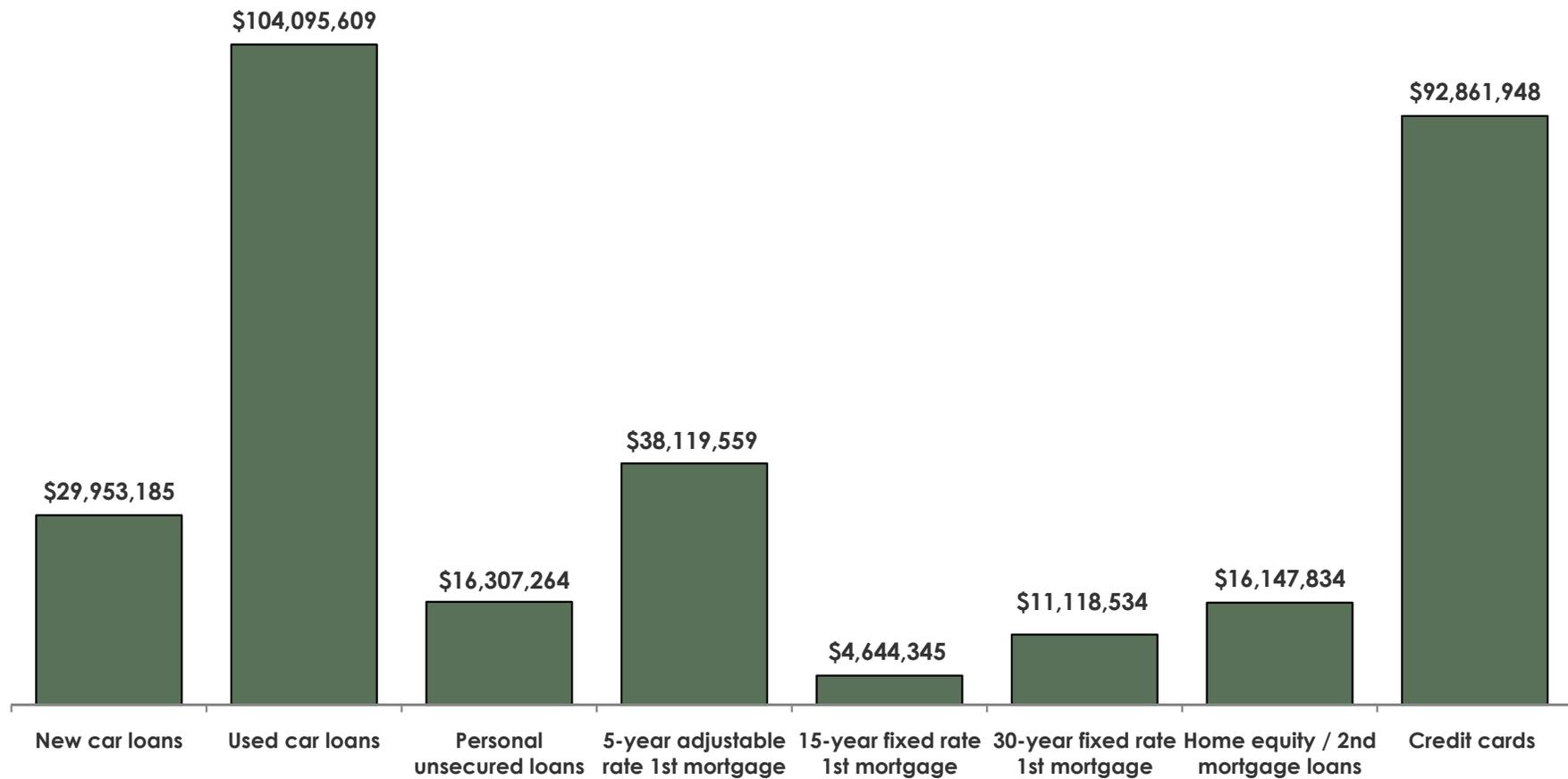
## Michigan Credit Union and Banking Institution September 2019 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.61	4.44	-0.83
48-month used car (A paper)	3.63	4.62	-0.99
Unsecured loan (A paper)	9.10	9.98	-0.87
5-year adjustable rate 1st mortgage, 0 pts	3.51	4.05	-0.54
15-year fixed rate 1st mortgage, 0 pts	3.51	3.62	-0.11
30-year fixed rate 1st mortgage, 0 pts	3.90	4.04	-0.14
Home equity / 2nd mtg, 80% LTV 0 pts	5.36	5.88	-0.52
Credit card - rewards	11.14	15.80	-4.66
Credit card - platinum	10.21	13.55	-3.34
Savings Products			
Regular savings, \$1,000 balance	0.14	0.14	0.01
Share draft checking, \$5,000 balance	0.12	0.09	0.03
Money market accounts	0.29	0.12	0.16
1 Year certificate \$10,000 balance	1.30	0.85	0.45
Retirement (IRA) accounts	0.79	0.49	0.31
Fee Income			
Share draft checking, NSF fee	\$28.33	\$31.53	-\$3.20
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Datatrac

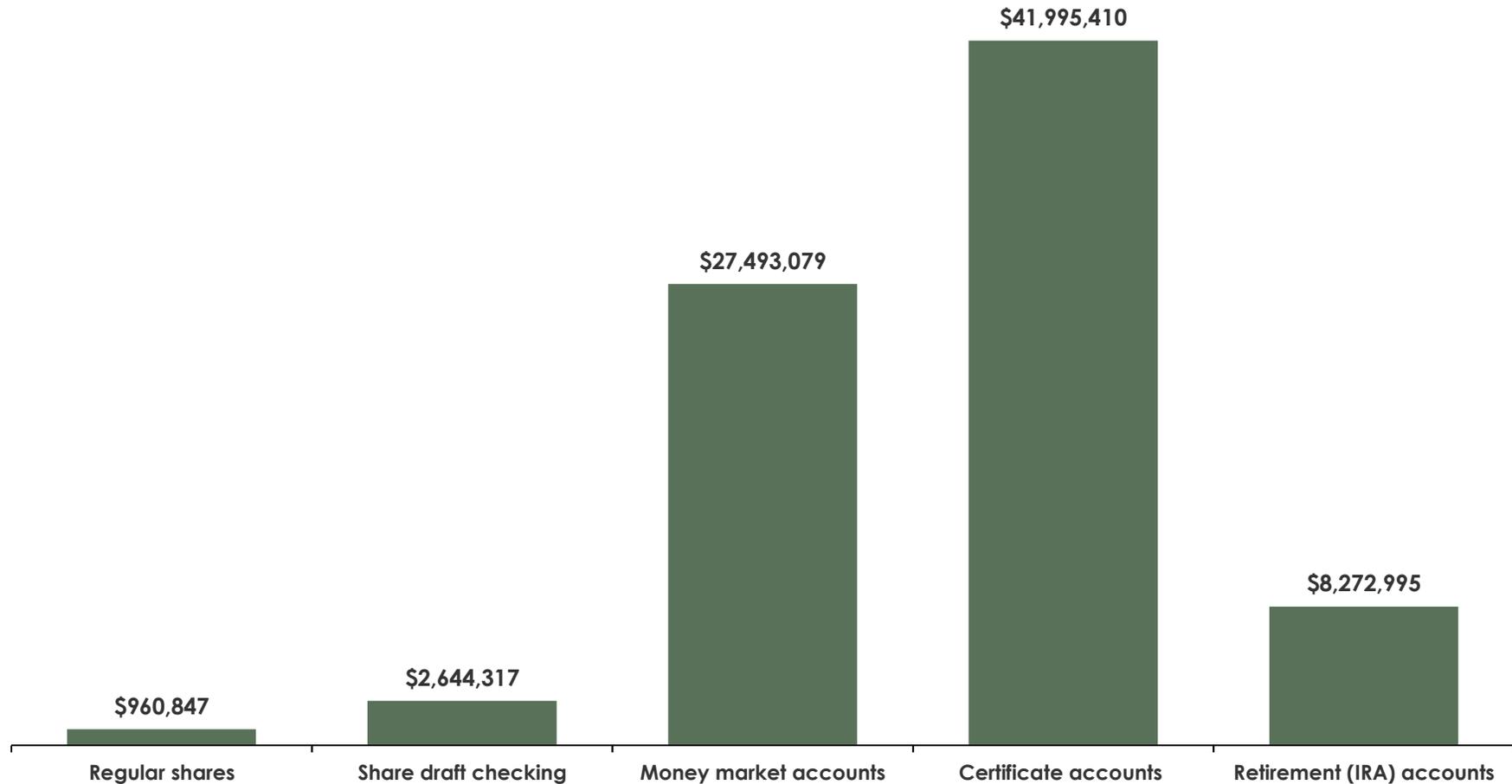
## Estimated Credit Union Loan Benefits

Compared to State Banking Institutions  
by Loan Type



## Estimated Credit Union Savings Dividend Benefits

### Compared to State Banking Institutions by Account Type



## Estimated Financial Benefits for Michigan Credit Unions September 2019

<b>Loans</b>	<b>Avg. Balance at Credit Unions (1)</b>	<b>Rate Difference vs. Michigan Banks (%) (2)</b>	<b>Total Financial Benefit to Your Members</b>
New car loans	3,591,509,035	-0.83	\$29,953,185
Used car loans	10,535,992,787	-0.99	\$104,095,609
Personal unsecured loans	1,870,099,110	-0.87	\$16,307,264
5-year adjustable rate 1st mortgage	7,046,129,136	-0.54	\$38,119,559
15-year fixed rate 1st mortgage	4,381,457,726	-0.11	\$4,644,345
30-year fixed rate 1st mortgage	7,885,484,874	-0.14	\$11,118,534
Home equity / 2nd mortgage loans	3,105,352,786	-0.52	\$16,147,834
Credit cards	2,144,493,913	-4.66	\$92,861,948
Interest rebates			\$13,522,219
<b>Total CU member benefits arising from lower interest rates on loan products:</b>			<b>\$326,770,497</b>
<b>Savings</b>			
Regular shares	16,014,123,040	0.01	\$960,847
Share draft checking	8,530,053,747	0.03	\$2,644,317
Money market accounts	16,764,072,769	0.16	\$27,493,079
Certificate accounts	9,353,098,063	0.45	\$41,995,410
Retirement (IRA) accounts	2,699,182,651	0.31	\$8,272,995
Bonus dividends in period			\$0
<b>Total CU member benefit arising from higher interest rates on savings products:</b>			<b>\$81,366,649</b>
<b>Fee Income</b>			
<b>Total CU member benefit arising from fewer / lower fees:</b>			<b>\$73,921,943</b>
<b>Total CU member benefit arising from interest rates on loans, savings products and lower fees:</b>			<b>\$482,059,088</b>
<b>Total CU member benefit / member:</b>			<b>\$89</b>
<b>Total CU member benefit / member household:</b>			<b>\$187</b>

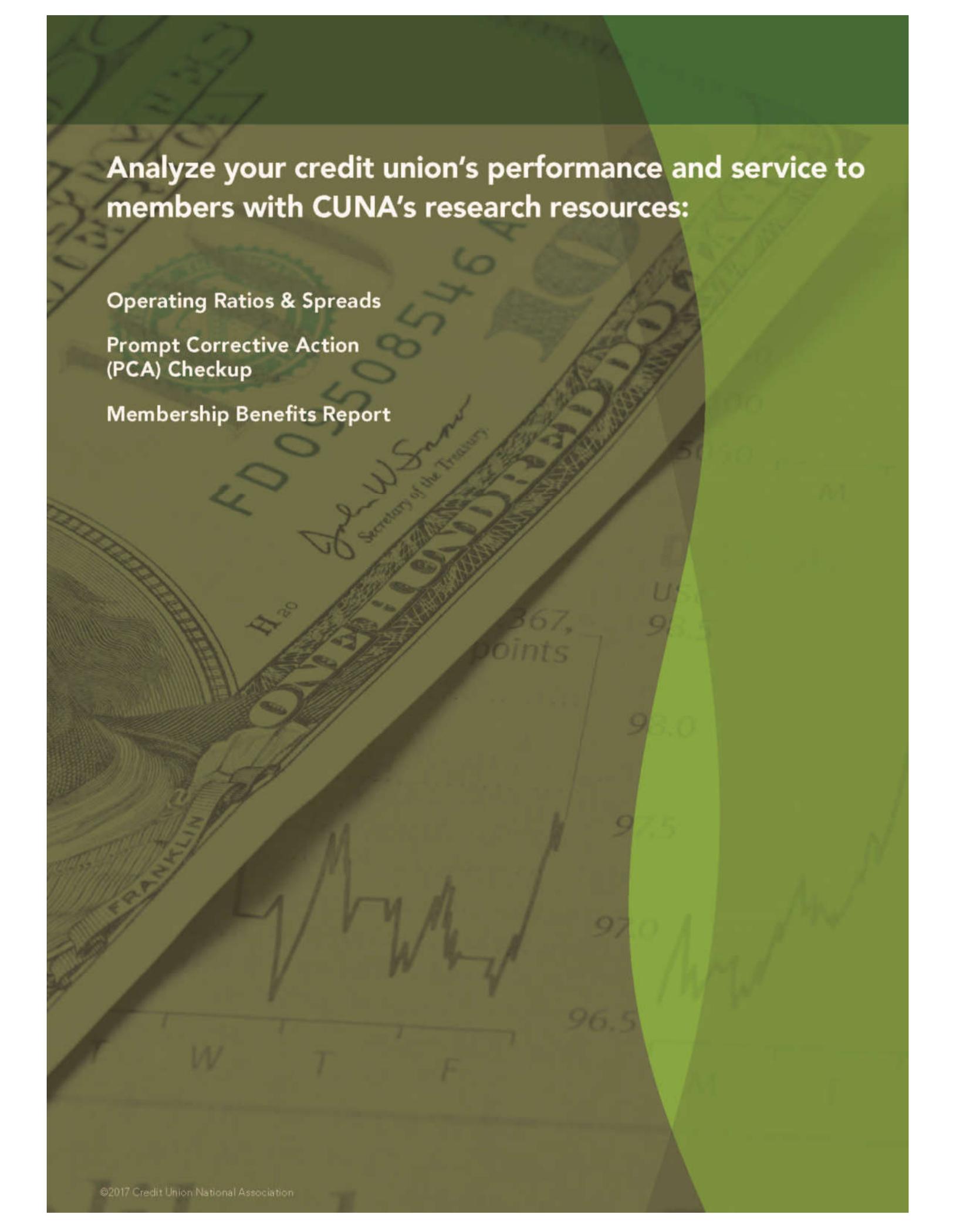
Source: Datatrac, NCUA, and CUNA

(1) Average balance as of September 2019 and September 2018, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

## Michigan Credit Union Performance Profile

Demographic Information	Sep 19	Sep 18
Number of branches	1,132	1,106
Total assets (\$ mil)	67,416	62,693
Total loans (\$ mil)	46,561	43,429
Total surplus funds (\$ mil)	17,625	16,354
Total savings (\$ mil)	56,532	52,574
Total members (thousands)	5,504	5,360
Growth Rates (Trailing 12 months) *		
Total assets	8.8 %	6.3 %
Total loans	8.4 %	12.3 %
Total surplus funds	9.3 %	-7.2 %
Total savings	8.8 %	5.8 %
Total members	3.8 %	4.4 %
Earnings - Basis Pts. *		
Yield on total assets	403	374
Dividend / interest cost of assets	71	50
Fee & other income	168	165
Operating expense	351	346
Loss Provisions	32	34
Net Income (ROA) after stabilization exp	116	110
Capital Adequacy		
Net worth / assets	12.2	12.0
Asset Quality *		
Delinquencies / loans	0.7	0.7
Net chargeoffs / average loans	0.4	0.5
Total borrower-bankruptcies	40	33
Bankruptcies per 1000 members	1.6	1.4
Asset/Liability Management		
Loans / savings	82.4	82.6
Loans / assets	69.1	69.3
Long-term assets / assets	37.9	39.0
Core deposits/shares & borrowings	43.5	44.9
Productivity		
Members / potential members	1.3	1.5
Borrowers / members	61.7	61.3
Members / FTE	336	340
Average shares / members (\$)	10,271	9,809
Average loan balances (\$)	13,719	13,221
Salary & Benefits / FTE	72,752	69,407

\* 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.



## Analyze your credit union's performance and service to members with CUNA's research resources:

Operating Ratios & Spreads

Prompt Corrective Action  
(PCA) Checkup

Membership Benefits Report