

MACC INDUSTRY SECTOR UPDATE

April 2016



Mid America Cooperative Council

More Reasons Why Your Local Credit Union Is the Place to Be

(Kevin Willour, CEO - Beacon Credit Union)



As not-for-profit institutions, we know that Credit Unions are focused on their members' financial wellness, and not to make a profit for a select few shareholders. But did you know a couple facts behind the principles?

Credit Unions Continue to Charge Less

A MoneyRates.com survey of banks showed an average yearly checking account maintenance fee of \$159 per year, while a Bankrate.com survey showed a range of \$1 to \$10 per month for maintenance fees at credit unions, for an average of \$24 per year up to a premium of \$120.

Overdraft Fees Tally Up to Big Numbers. Protect Yourself

Bankrate.com's 2015 Checking Survey shows the average overdraft fee at banks is \$33.07, compared with \$26.78 for credit unions. Beacon Credit Union does not look at overdraft fees as a source of income and it shows, coming in substantially lower at \$20.00.

Credit Unions Know How to Service Their Members

According to the November 2015 ACSI Finance and Insurance Report, credit unions averaged 81 out of a possible 100 points for their overall customer service, ahead of regional and community banks, at 80 and national banks, which averaged 72.

Giving Back to Their Members-Owners

While many banks give back only to their shareholders, credit unions give back to their members in the form of lower loan rates and high-yield savings.

Additionally, some credit unions give back additional funds to their members, such as Beacon Credit Union's loan interest rebate.

Qualifying member-owners who utilized Beacon Credit Union for their borrowing needs in 2015 were rewarded 4% of total interest, paid during the year.

Stop by your local credit union to see how the financial cooperative can be put to work for you.

CHACO Credit Union - Community Development



CHACO donates \$1,000 to the Fairfield Food Pantry! (June 2015)

On Columbus Day in October, employees and members of the board, volunteer at various organizations across Butler, Hamilton, Preble and Warren Counties in Ohio. It is called "Community Enrichment Day". These individuals do everything from landscaping and mulching, serving lunch and sharing financial education to families in need, to helping organize local libraries, doing activities with seniors and socializing with children and young adults with disabilities. **CHACO has donated more than 1800 hours to their community, over the last four years.**

CHACO donates money, energy and heart to many charities and organizations, throughout the year. By helping people achieve their financial goals, they help strengthen the communities where they live and do business. **CHACO is always striving to give and are proud to participate in the credit union philosophy of "People Helping People."** (excerpts from <https://www.chacocu.org/about/community.aspx>)

Credit Union Dictionary

Here is a general list of words commonly used in the credit union industry.

1. **Member:** A consumer of the credit union is called a member. They are called a member because they actually own a share in the credit union.
2. **Share:** A credit union term for a savings account. The account requires a minimum balance to own a share in the credit union and partake in membership benefits.
3. **Share Certificate:** A credit union term for what is commonly known as a certificate of deposit or CD.
4. **Share Draft:** A credit union term for a draft or check.
5. **NCUA:** National Credit Union Administration, an agency of the federal government that insures each member's account up to \$250,000. (If you're familiar with the FDIC, Federal Deposit Insurance Corporation, this is the credit union's version of deposit insurance.)
6. **ESI (Excess Share Insurance):** Some credit unions offer private deposit insurance as an added benefit (this is in addition to the NCUA insurance).

Ohio Credit Union League Consumer Advocacy



OHIO CREDIT
UNION LEAGUE

To sustain and build consumers' awareness and desire for credit unions, the League is constantly representing credit unions to the public and helping to elevate their profiles within their communities.

Statewide Social Media Campaign

Credit unions care about their communities and can be trusted like your best friend: that's the overall theme of the awareness campaign by the Ohio Credit Union League. Designed to attract the attention of Gen Y and drive them in credit union doors, the "Your BFF" (best financial friend) campaign showcases how credit unions truly live their concern for people by being active in the enrichment of their communities.

League Adds \$120K to Rainbow Babies Therapy Suite Project; Help Fund Final \$59,000

Sick and injured children in Ohio are only months away from having a year-round respite where they and their families can escape the hospital room and release stress through nurturing nature. Thanks to the Ohio Credit Union Movement, a Horticultural Therapy Suite is being built at University Hospitals Rainbow Babies & Children's Hospital in Cleveland.

CU Bill, HB 415, Already Moving in Committee

After months of behind-the-scenes work by the Ohio Credit Union League, the next major step has occurred for a state bill to allow credit unions to administer state funds to support small business growth. If paralleled to a "Law & Order" legal drama, House Bill 415 had the equivalent of opening arguments on Wednesday, March 30, 2016; before the House Financial Institutions, Housing and Urban Committee, which is overseen by credit union-supporter Chairman Lou Terhar (R-Cincinnati).

National Consumer Website

aSmarterChoice.org is the national online source for credit union information. It features a locator search tool, member testimonials, and recent media from across the nation featuring credit unions. The site enables consumers to learn more about credit unions and find one to join. Make sure your credit union's information on aSmarterChoice.org, a free service from the League, is up to date so consumers connect with you.

Access and update your profile. aSmarterChoice also uses social media to push information out to consumers. You can follow it on Facebook and Twitter.



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Rod's Thoughts



There is no better example of community than your local credit union! Credit Unions are locally owned, and locally controlled. Additionally, all of the profits or earnings from operations remain with their member/owners who live in the community served by their credit union.

Healthy communities have healthy credit unions. These credit unions give back to their community, by engaging in the classroom to help teach finance basics to students. **April is National Financial Literacy month!** Please visit <http://www.mycreditunion.gov> for more information. Every credit union has access to excellent instructional material on financial literacy. Have you considered having a representative teach your employees about how they can raise their credit scores?

Local ownership and local control are at the heart of building every community. We sometimes use a different language to explain this message. Most credit unions refer to their patrons as "Members". This is a classic phrase used in all cooperative circles. The problem is, COSTCO and Sam's Club also have "Members". This "Member" term can be applied to affiliations with civic groups, religious organizations, and a host of other organizations that require an annual "membership fee" to remain in good standing. In my opinion, the term "Credit Union Member" is out of date by several decades, for three key reasons. First, you can be a member of almost anything. It is a nondescript term that merely shows an association with others. Second, the phrase "member" does not express the true ownership power that every cooperative owner possesses. The owner has an equity stake that is listed on the credit union's balance sheet. They get this equity stake back when they leave the credit union. We grossly undersell its importance, when we merely tell the new financial owner of a credit union that they only have to keep a small amount in a savings account to be a "member". Third, the term member does not express the true power of ownership control that every credit union owner possesses. They get to vote on a democratic basis for their representative on the board of directors. No other financial institution chooses its control on this democratic basis. Other financial institutions choose their power by the classic "Golden Rule". Those who have the gold, rule. Or, you vote your ownership shares. The more you own the more control you have in your financial institution.

I would encourage using the term 'Owner' to express this credit union affiliation. It clarifies the true role of that cooperative member and cannot be hijacked by other businesses or civic organizations. It also offers the implied control that comes with being an owner, which is not often expressed as a cooperative member. Lastly, as an owner in a community based business it more truly represents every credit union owner's connection to and support of their local community.

I, also, firmly believe that every credit union should develop a closer connection to other cooperatives in their community. As regulatory pressures mount, and smaller community based credit unions struggle to meet the growing demands, reaching out to other cooperatives may offer more of a community based cooperative support. We are supporting the growth of the same community. We must visit with the same public servants and enlighten them on our unique cooperative way of serving all of the owners. Our credit unions are about working for the mutual benefit of all of their cooperative owners.