

# **Credit Union Soup for the Soul**

**National Association of Federal Credit Unions  
51<sup>st</sup> Annual Conference & Solutions Expo  
June 22, 2018**



## **Why do Credit Unions exist?**



# Healing Powers of Soup

There is more to  
Chicken Noodle Soup  
than just the great  
taste! It has some real  
**Healing Power!**



# Healing Powers of CUs

There is more to Credit  
Unions that just great  
rates! Like Chicken  
Soup – Credit unions  
have some real  
**Healing Powers** too!



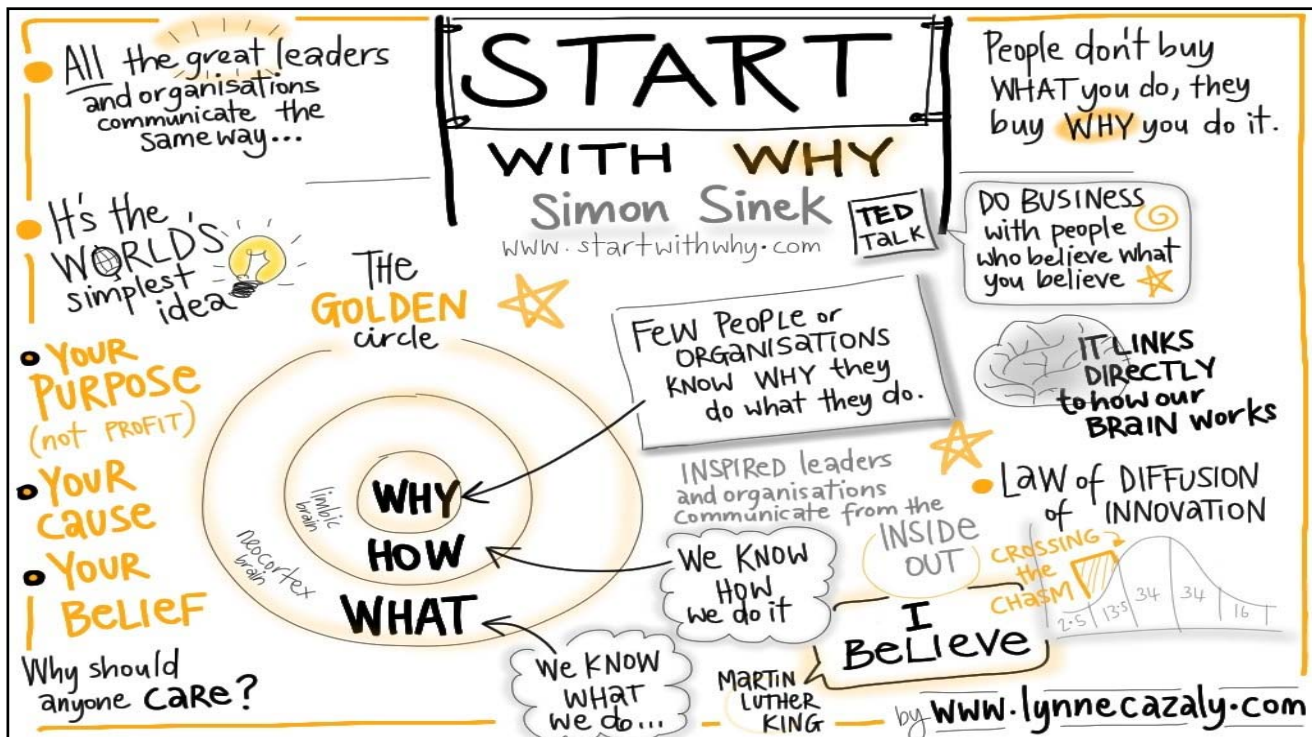
Credit unions started with German farmers pooling their resources.



# Rx It's in our DNA

Our origins - banks catered to the **needs** of business and the **wealthy**, not ordinary working people.

- **Prejudice** against "consumptive credit."
- Hard to **judge** the creditworthiness of working people.
- Workers borrowed small amounts, which were **uneconomical**.



# The Need for CU's is Growing



## Symptoms – People need CUs

### Consider these economic realities:

- 56% of U.S. consumers have **subprime** credit.
- 51% of working adults make **less than \$30,000** a year.
- 78% of full-time workers are living **paycheck-to-paycheck**.
- Millennials are **carrying more debt and make less** than previous generations.
- 45% millennials have supplemented banking activities with some form of **predatory** financial services – **within the past year**.
- **High cost of living** - lack of **affordable housing**



# CU's with Healing Powers



## Best Practice

### **ELGA CU**

- \$568 million, Flint, MI
- Lower income working class
- Community development
- Financial education
- Affordable transportation
- Flexible loan terms
- One-on-one counseling
- Credit building
- Non-predatory alternatives
- Affordable housing
- Micro small business
- Community investment in education



# Best Practice

## Member/Community Impacts

- Wealth creation
- Job creation/retention
- Affordable housing
- Credit improvement
- Poverty Reduction
- Increased education attainment

	5 Year Average	
	ELGA	CUNA
Net Worth	12.16	10.80
ROA	2.40	0.81
Asset Growth	12.48	6.10
Share Growth	11.19	5.70
Membership Growth	7.45	3.10
Loan Growth	14.34	8.70
Loan to Share	99.04	74.50
Delinquency	1.64	0.93
Charge Off	0.63	0.57

Source NCUA/CUNA



# Best Practice

## Lower Valley CU

- \$121 million, Sunnyside, WA
- Financial education
- **Citizenship program**
- Strong community partnerships
- Community investment
- Affordable housing
- Micro small business lending
- Affordable transportation
- Non-predatory alternatives
- Staff and board diversity



12

# Best Practice

## Member/Community Impacts



	5 Year Average	
	LVCU	CUNA
Net Worth	10.39	10.80
ROA	1.08	0.81
Asset Growth	15.85	6.10
Share Growth	16.49	5.70
Membership Growth	14.99	3.10
Loan Growth	22.46	8.70
Loan to Share	84.20	74.50
Delinquency	1.26	0.93
Charge Off	0.93	0.57

Source NCUA/CUNA



13

# Best Practices

## HopeSouth FCU

- \$19 mil, Abbeville, SC
- Rural, poor community
- Education focused
- **Community partners**
- Geo fencing
- Affordable transportation
- Serve 10,550 annually
- 95.8% minority focus
- 78% **low to extreme** low income
- 63% subprime credit
- Median income \$34,652



# Best Practices

## Member/Community Impact

- Credit building
- Improving credit scores
- Affordable transportation
- Asset building
- Increasing graduation rates

	5 Year Average	
	Hope	CUNA
Net Worth	16.6	10.80
ROA	2.20	0.81
Asset Growth	10.63	6.10
Share Growth	10.14	5.70
Membership Growth	8.20	3.10
Loan Growth	10.45	8.70
Loan to Share	87.48	74.50
Delinquency	2.84	0.93
Charge Off	0.97	0.57

Source NCUA/CUNA



## 3 Things to Consider

- What is your CU “**serv**ing” members?
- Does your service have “**heal**ing” powers?
- Who might feel better with more “**sou**p”?





# Thank You!



Scott Butterfield, CUDE,  
CCUE, CUCE

[scott@yourcupartner.org](mailto:scott@yourcupartner.org)

(253) 507-2443

