The Wisconsin Credit Union League
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FOR THE RECORD

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N25 W23131 Paul Road Pewaukee, Wisconsin 53072-5779
Phone: (262) 549-0200 (800) 242-0833 Fax: (262) 549-7722 www.theleague.coop

Credit unions are good for their members and the economy, say financial observers

Financial observers confirm what 2.1 million credit union members in Wisconsin already know: that the not-for-profit financial institutions owned by members provide a financial lifeline for people from all walks of life: from working people to small business owners to people with modest incomes. Among the findings:

■**Money Magazine** said credit unions provide the best deals in banking, citing high returns on certificates of deposit, lower interest rates on credit cards, lower interest on auto loans, the HLPR ("helper") mortgage that caps interest rate increases while financing 97% or more of a home's cost and free financial counseling.

■**Consumer Reports** conducted a survey that focused on 21 credit card issuers. It found that credit unions' credit cards ranked higher in customer satisfaction than the five major credit card companies - Bank of America, Citibank, HSBC, Capital One and JP Morgan Chase - which jointly comprise 80 percent of the credit card market.

■**A ForeSee Results/Forbes.com online banking study** confirmed that credit unions are outperforming both large and community banks in seven key areas of customer satisfaction including online and in-person transactions.

■**Forrester Research**, based in Cambridge, Massachusetts, found that credit unions beat banks 2 to 1 when consumers were asked which institution "does what's best for me, not what's best for its bottom line."

■**The Competitive Enterprise Institute**, a Washington think-tank, suggested credit union business lending should increase to grow the U.S. economy. Because credit unions are not-for-profit, they make small loans banks deny because they are too "unprofitable" - effectively picking up the slack for banks that have reduced small business lending. And because credit unions charge about 100 basis points less than other lenders on a typical loan (and pay more on savings), credit unions benefit not just those to whom they lend but small business borrowers as a whole by creating competition.

■**The Center for American Progress**, a nonpartisan policy research and advocacy organization, said broadening access of lower income Americans to credit unions could cut help the nation's poverty rate in half. Credit unions' member-favored pricing can help lower-income people build wealth over the long term - an aim of credit unions' REAL Solutions initiative, which helps members and the communities they live and work in.

■**USA Today** reported that more than 1,000 credit unions have alternative products to combat the high costs charged by more than 22,000 payday lenders nationwide. Wisconsin consumers using these services have already saved more than $1 million. Credit unions' aim: to transition borrowers to traditional loans charging lower rates.

■**National Review Online** reported that credit unions provide a vital source of financial liquidity that can soften the blow in the face of a national credit crunch. But if credit unions were further taxed, the publication noted, they'd have to cut back on loans and accounts that just break even - those that stockholder-driven banks would consider a poor allocation of resources. That might dry up credit for people who already have a hard time finding it.

For additional information, please contact:
Tom Liebe, Director of Government Affairs • The Wisconsin Credit Union League
(800) 242-0833, Ext. 3150 • tliebe@theleague.coop