

INDUSTRY OVERVIEW & 2023 OUTLOOK

*House Financial Services Committee
(May 25, 2023)*



MCUL EXECUTIVE & GOVERNMENT AFFAIRS STAFF

MCUL Executive Team

- Patty Corkery, President & CEO

Government Affairs

- Kieran Marion, EVP of Advocacy & Communications
- Haleigh Krombeen, Director of State Advocacy
- Todd Jorns, Director of Federal Advocacy
- Bradley Willett, Director of Communications & Regulatory Affairs
- Maria Moore, Advocacy Engagement Coordinator

CUNA / LEAGUE SYSTEM

Affiliation in MI
MCUL: 100%



The 2022 *Ballast Research Survey* named the CUNA-League system the most credible trade association in Washington across all industries.

The CUNA-League System has led the financial services sector in unified voice. In an independent review of Washington, D.C. advocacy associations we have ranked #1 in financial services for six years.

- 130 million members represented
- 34 leagues representing all 50 states
- 332,000 credit union professionals
- 5,133 credit unions
- 5,000 credit union service providers
- 70,000 board members
- 11 corporate credit unions
- 950 CUSOs



WHAT IS A CREDIT UNION?

MCL 490.102(p)

“Domestic credit union” means a cooperative, not-for-profit entity organized under this act for the purposes of encouraging thrift among its members, providing a variety of financial services to its members, and providing an opportunity for its members to use and control their own money on a democratic basis in order to improve their economic and social condition.



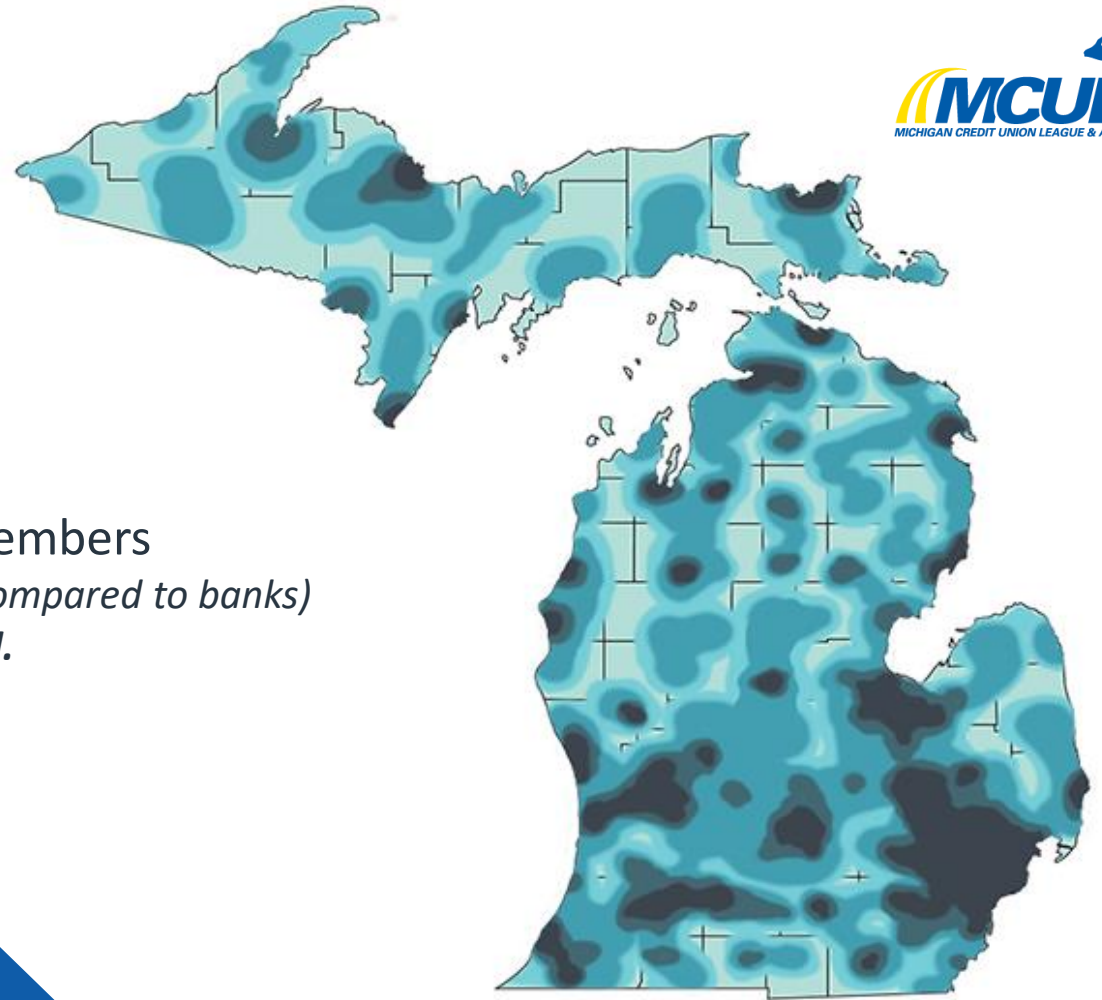
NOT FOR PROFIT, NOT FOR CHARITY BUT FOR SERVICE

- Credit unions are not-for-profit financial cooperatives that exist to serve our members. We focus on communities and people, not corporate profit.
- We accept deposits, make loans and provide a wide array of financial services. However, as member-owned institutions, credit unions focus on providing lower rates, fewer fees and high levels of member service.



MICHIGAN CU DATA

- **194** Credit Unions
- **5.95 Million** Members
- **59.2%** of Michigan citizens are credit union members
- Provided **\$486 million** in direct financial benefits to members
(through lower interest rates, higher deposit rates, and lower fees compared to banks)
 - *This total is equal to \$84 per member and \$175 per household.*
- **\$98.1B** Total Assets
- **1,191** locations
- **1,795** Fee-Free ATMs



**CREDIT UNIONS PROVIDE LOW-COST, HIGH-QUALITY
FINANCIAL SERVICES**





Just like our purpose, our reach extends across the state. With more than 1,000 branches in small towns and large cities, we're always there when our members need us.

CREDIT UNIONS

Your financial partner for life

From buying a car to saving for college, to getting married or buying a home, Michigan residents trust that credit unions will offer high-quality services at lower costs than competitors.

LOANS (Avg Rates)

	 Used Auto	 Credit Cards	 Unsecured Loans	 Mortgages (Closing Costs)
Credit Unions	4.95%	10.49%	9.46%	\$1,151
Banks	5.35%	15.47%	10.5%	\$1,361

Source: CUNA National Membership Benefits Report—Michigan Specific , Third Quarter 2022

Promoting the CU Difference Investing in Our Communities

Michigan Credit Union Foundation



2022 IMPACT



\$79,000+
in grants provided to
credit unions

38,629

Total students reached
since Financial Reality
Fairs began in 2014

FINANCIAL REALITY FAIRS



123

Fairs/App-Based Virtual Fairs



8,180

Students

TRAINING



121

New Financial
Counselors



948

CU Professionals accessing
financial counseling certification

Student-Run Credit Unions: Financial Education & Job Experience

OVER
350

student-run credit union branches



INDUSTRY LEADERS IN FINANCIAL EDUCATION

For Michigan credit unions, financial education is a core mission. Credit unions exist to help people get the most from their money, and it all starts with helping them learn how to make wise financial decisions.

It's never too soon to learn about responsible financial decision making, and we've created a whole host of turnkey resources and programs designed to connect with students of any age.

Community Enrichment Grants

This Michigan Credit Union Foundation awarded more than **\$79,000** in Community Enrichment & Financial Education grants to **15 different credit unions**.

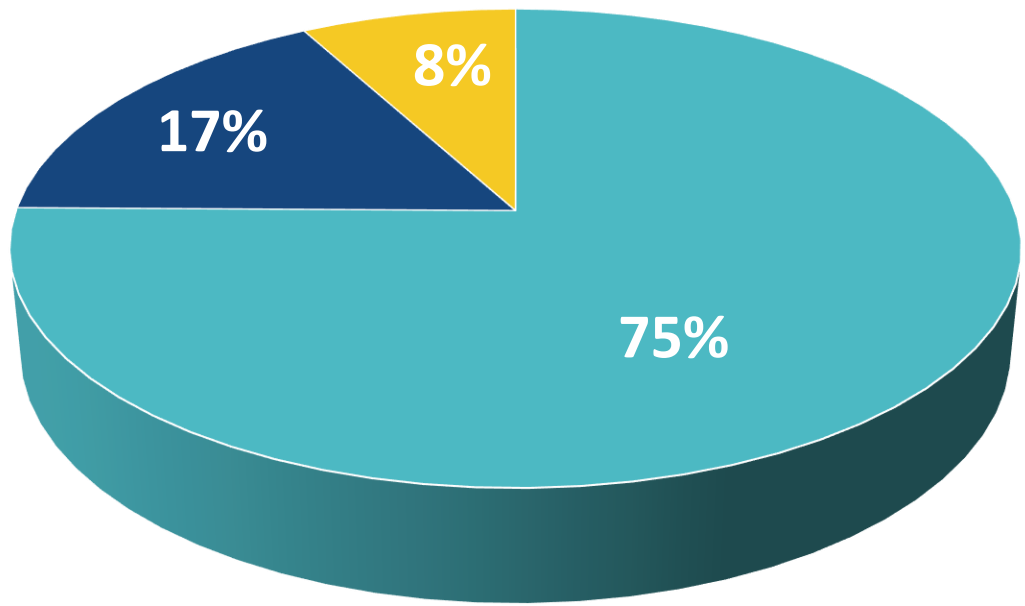
Across the state credit unions chose initiatives that would make significant impact in community lives whether that be through **financial wellness, education, and counseling initiatives, small business support, low-income, underbanked, underserved or minority communities, CDFI certification, funding and community development support** or **community crisis support**. Michigan's credit unions continue help serve and grow their communities.



Small Banks Have More to Fear from Fast-Growing Big Banks than from Credit Union Competition

Sources: FDIC, NCUA, CUNA

MARKET SHARE (%)



- Largest 100 Banks
- Smaller Banks
- Credit Unions






Why did SVB Collapse?

- SVB's majority concentration of customers were high-risk businesses, servicing a full half of all VC-backed tech companies in the United States.
- SVB had an accumulating number of US Treasury Bonds held at a loss. Sold off \$21 billion portfolio of these bonds, realizing a loss of \$1.8 billion.
- Venture capital firms allegedly advised their clients to pull their money out of SVB. This advice ultimately led to the bank run by depositors, resulting in SVB having a negative balance of \$858 million end of day.

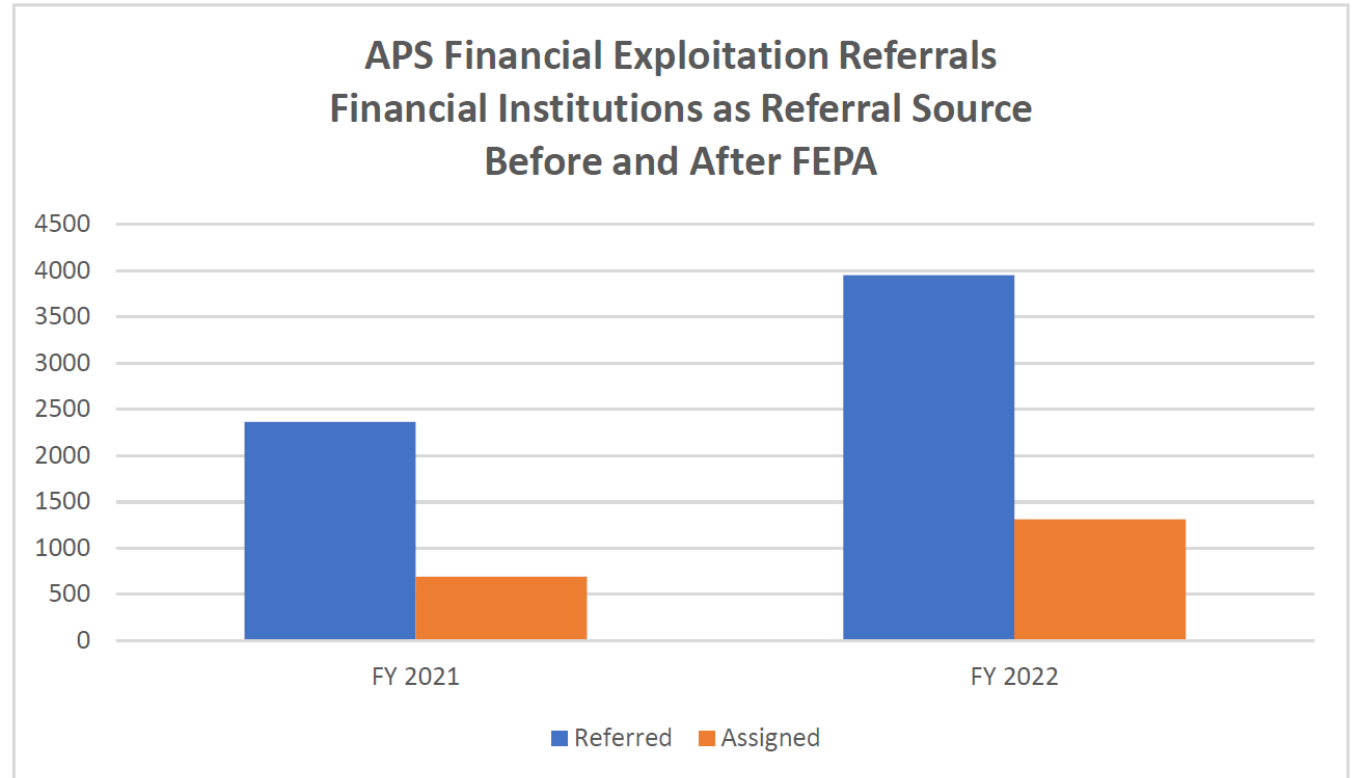


The Credit Union Industry is Stable.

- Credit unions do not face the same risks.
 - Our membership base is diverse, and our investments are highly regulated and examined.
 - We are rooted and owned locally and not beholden to shareholders or stock considerations.
 - Over 90% of deposits in MI credit unions are insured.
 - Without speaking for our regulators, I think we agree that credit unions in Michigan-state and federally chartered—remain strong and well-managed.
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Protecting Members Against Financial Exploitation and Elder Abuse

- More than **73,000 older adults** in Michigan are victims of elder abuse Which includes physical, emotional and financial exploitation.
- This statistic led to the recent effect of the **Financial Exploitation Prevention Act (FEPA)** requiring financial institutions to report covered financial exploitation of vulnerable members.
- There were **1,590** more **total** referrals made in FY 2022 a **67% increase** from FY21.
- There were **621** more **assigned** referrals in FY 2022 which is a **90% increase** from FY21.



Michigan's CDFI Credit Unions



26

CDFI Credit Unions

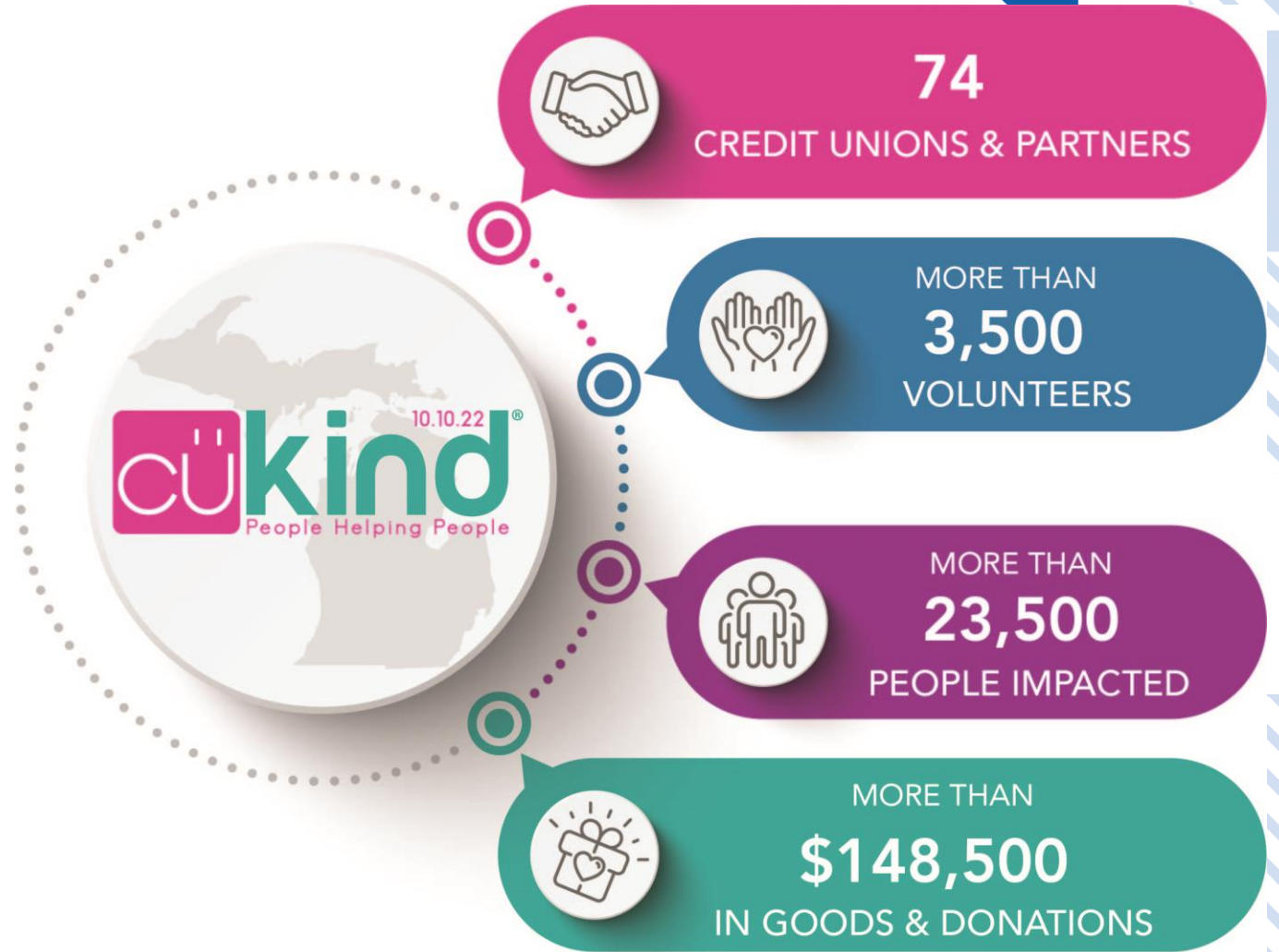
Key Requirements

- Direct 60% of lending toward economically distressed target markets
- Build member's capacity to manage credit, increase savings, and become more financially secure

1,177,929 members	224 branch locations	\$13.6 billion in assets	\$9.8 billion in loans	\$6.55 of every \$10 in deposits is deployed.
IMPACT	\$328m community mortgage lending	\$4.7 local consumer financing	\$1b local business lending	\$909.9m in affordable payday loan alternatives

CU Kind Day

On Oct. 10, credit unions across Michigan took part in CU Kind Day, an annual tradition showcasing the credit union difference through donations and volunteering. Giving back to members, communities and beyond is part of what makes credit unions different, and this annual day of kindness is Michigan's chance to show communities throughout the state how much credit unions care.



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Questions?

