

SPECIAL ADVERTISING FEATURE

Banks Charge More Fees and Higher Fees than Credit Unions, Consumer Federation Study Reports

BY LORI Z. BARNUM, LLER

On most financial services products, banks charge more fees and higher fees than credit unions, according to survey data recently released by the Consumer Federation of America (CFA) and Credit Union National Association (CUNA).

"The difference in fees is significant and helps explain why consumers consistently rate credit unions more highly than banks," said Stephen Brobeck, CFA Executive Director.

"Credit unions charge lower fees and lower fees because they are not-for-profit consumer cooperatives run for the benefit of all members," said David Adams, president and chief executive officer of the Michigan Credit Union League.

The CFA/CUNA data was gathered between 1994 and 1997 by Sheshunoff Information Services and CUNA.

For almost all services, fewer credit unions than banks charge

fees. These differences are especially striking for economy checking accounts, where far fewer credit unions than banks charge monthly fees (16 percent vs. 86 percent) and per-check fees (6 percent vs. 95 percent). The differences are also large for per-check fees on other checking accounts, fees for having a cashiers check or certified check written, and annual credit card fees.

Almost all fees surveyed were lower at credit unions than at banks, sometimes substantially so.

Fees on checking (among those institutions that did have a fee) were about 30-40 percent lower at credit unions. Fees for a money order and certified check were about 55-65 percent lower at the non-profits. The only fees that were roughly the same at the two types of institutions were for a safe deposit box and for ATM transactions (on non-owned ATMs, and on owned ATMs when used by non-credit union members).

Over the past three years

(1994-97), most fees have risen less rapidly at credit unions than banks. In fact, at credit unions some fees — e.g., monthly and per-check fees on economy checking — declined during this period. The one major exception to this trend was fees for non-sufficient funds, overdrafts, and stop-payments, which increased more rapidly at

credit unions than banks.

Bank fee income on deposit accounts approximated \$18 billion in 1997, according to Federal Deposit Insurance Corporation data. "Apart from banking at a credit union, the two most important ways that consumers can lower check fees is to meet minimum balance requirements and avoid bounc-

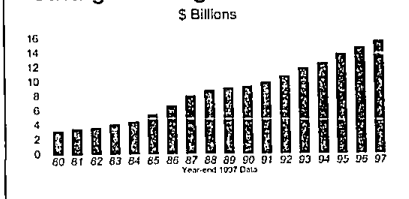
ing checks," said Brobeck.

Sheshunoff Information Services bank fee data were collected in the summer of 1997 by sending out a survey form to all banks and savings & loans. The CUNA survey was conducted by its market research department and Credit Union Executive Magazine in the fall of 1997 based on a random sam-

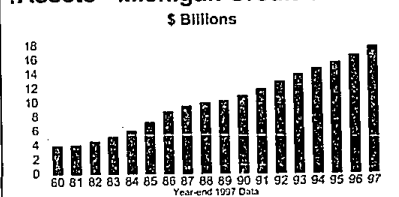
ple of 2000 credit unions.

CFA is a non-profit association of some 240 pro-consumer groups that was founded in 1968 to advance the consumer interest through advocacy and education. CUNA serves more than 90% of America's 11,500 credit unions, which are owned by 72 million consumers.

Savings - Michigan Credit Unions



Assets - Michigan Credit Unions



Credit Unions Top Financial Services in Customer Satisfaction Survey

BY LORI Z. BARNUM, LLER

Credit union members continue to be more satisfied with their financial services than bank customers, reports the American Banker in its most recent Gallup Consumer Survey.

"Credit unions, the perennial service quality champs, rose to 73 percent from 69 percent (in customer satisfaction)," reports the American Banker. "They also far exceeded other organizations in their ability to keep improving: 36 percent of credit union members said they had a better feeling about their relationships this year than last. The comparable numbers were 20 percent for both banks and 25 percent for other."

For more than 10 years, the American Banker Gallup Consumer Survey has consistently shown customer satisfaction is higher among credit

union members than bank customers.

Dianna Nash, chairman of the Michigan Credit Union League (MCUL) Board of Directors, attributes credit unions' success to the philosophy and volunteer organization that powers them.

"Credit unions are cooperatives, owned and managed by their members," Nash said. "There are no stockholders like you find at banks. Credit unions pay good dividends and at the same time extend credit more freely, and most often at a lower cost, than other sources of consumer financing. That's because credit unions know their borrowers."

More than 73 million people belong to nearly 11,500 credit unions across America. In Michigan alone, over four million people are credit union members - and as such, owners of not-for-profit cooperatives.

WHO OWNS THE CREDIT UNION?

The members do. Once you deposit money in the credit union, you become a member and a shareholder. Eligible members can then vote for the credit union's board of directors on a one-member, one-vote basis. Officers and directors are chosen from the membership and serve on a voluntary basis. Once a member, you're not only a member of the credit union but part of a national financial system. Your credit union does not stand-alone.

SERVICES AVAILABLE

A wide range of services is available in many credit unions. Credit union savings help people meet their financial goals and credit union checking accounts often earn interest. They often have low or no service fees or

minimum balances. Members' savings accounts are insured up to \$100,000 by the National Credit Union Share Insurance Fund (NCUSIF), which has never had to take a penny of taxpayers' money. Many credit unions offer many services including credit cards, home mortgages, loans of all types and automatic payroll deduction for loan payments, checking and savings deposits.

How can you find a credit union? You can call the Michigan Credit Union League at 1-800-474-JOIN. And once a member, you're a member for life, even if you move or change jobs.

Polymakers Meet, Nash Elected to Head MCUL Board of Directors

The Michigan Credit Union League (MCUL) chairman's gavel has changed hands.

Dianna Nash, president and chief executive officer at Steelcase Employees Credit Union in Grand Rapids, was elected as the MCUL's 27th chairman when the League Board of Directors gathered recently at the Holiday Inn South in Lansing. She is the first woman to hold the office in the League's 64-year history.

As chairman, Nash will take on the top policy-making position at MCUL, a not-for-profit trade association representing more than 90 percent of Michigan's credit unions.

Robert Huston, president and chief executive officer at Co-op Services Credit Union in Livonia and former MCUL secretary/treasurer, succeeded

Nash as MCUL vice chairman. Robert Mackay, general manager at Berrien Teachers Credit Union in St. Joseph, succeeded Huston as the MCUL's new secretary/treasurer. All three were elected to one-year terms.

Nash, who has served on the MCUL Board since 1994, said she was "both humbled and excited to be entrusted with the chairman's gavel." She praised her predecessors, Paul Fredenburg and Allan Kemp McMorris, for the examples they set in the League's highest elected office.

In addition to the vote for MCUL officers, the policymaker meetings also included several other elections, including two posts on the CU Corp Board of Directors and a Michigan CU Foundation trustee.

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*Based on CUNA's 1997 listing of credit unions in Southeast Michigan.
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