

2018 ECONOMIC IMPACTS OF CREDIT UNIONS IN IDAHO



\$99 MILLION
IN DIRECT MEMBER BENEFITS

\$779 MILLION
TOTAL ECONOMIC IMPACT

ECONOMIC IMPACTS OF CREDIT UNIONS IN IDAHO, OREGON, AND WASHINGTON

The Northwest's not-for-profit, member-driven cooperative credit unions created a \$7.8 billion economic impact in 2018. ECONorthwest delivered an independent analysis that analyzed the gross economic impacts of credit unions in Idaho, Oregon, and Washington. The study measured jobs, economic output, and income supported by not-for-profit, member-driven cooperative credit unions in the regional economy. The study also measured the direct benefits that not-for-profit, cooperative credit unions are uniquely positioned to return to their members. The study found that in 2018, the value of benefits to the Pacific Northwest's 7.3 million credit union members was \$603 million, which, when spent in local communities supported a total gross economic output — buying power — of \$1.3 billion.



ABOUT NORTHWEST CREDIT UNIONS: THE CREDIT UNION DIFFERENCE

The key difference between credit unions and other financial services providers is the not-for-profit, cooperative structure. Credit unions are owned and driven by the members who use their services. Unlike profit-driven financial institutions which pay stockholders, credit unions exist solely to meet their members' financial needs, and thus are uniquely positioned to return direct benefits to those members. The benefits manifest in the form of better interest rates, lower fees, and other services that hard-working Americans need.

Early credit unions were formed during the Great Depression, when workers pooled their money to help their colleagues obtain credit. The Federal Credit Union Act was signed into law in 1934, to balance the nation's credit structure, providing thrift through a cooperative model. That structure — and credit unions' focus on a foundational "People Helping People" philosophy — remains intact today.

In the Pacific Northwest, almost 220 credit unions serve 7.3 million consumers — 55% of the population — and protect 42% of the overall market share (assets). In the United States there are nearly 5,600 credit unions providing comprehensive financial services to over 116 million member-owners, representing approximately 7.4 percent of the national market share (assets). The number of credit union members continues to grow over time, demonstrating the value that consumers place on local, cooperative, member-owned financial services providers.

ECONorthwest

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ECONorthwest specializes in the application of economic and financial principles and methods to the evaluation of public policies and investments. Incorporated in 1974, ECONorthwest has completed more than 2,500 projects for public and private clients. ECONorthwest has a staff of approximately 50 people, including offices in Portland, Seattle, Eugene, and Boise.

ECONorthwest employs the full range of analytical tools for measuring economic impacts. We maintain regional macroeconomic models, in addition to standard and econometrically augmented input-output models.

To these tools, we apply a rigorous understanding of the economic context in which specific impacts occur.

This combination of robust modeling capacity and explanatory insight allows us to provide unparalleled quantitative analysis.

We have several decades of experience using the IMPLAN modeling software, conducting analysis of the zip code level through national-level models. Our expertise is widely recognized in the industry.

ABOUT

For more information, please contact Allison Tivnon, ECONorthwest Media Relations, at 503-200-5066.

DEFINING ECONOMIC IMPACTS

ECONorthwest surveyed Northwest not-for-profit, member-driven cooperative credit unions and obtained supplemental information to use in an economic input-output model. ECONorthwest received detailed information for almost 1,100 credit union branches. In addition to survey data, the National Credit Union Administration (NCUA) 4Q 2017* call report data and Credit Union National Association (CUNA) Project Zip Code Data were used in the calculation of the economic impacts.

To evaluate the economic impacts of credit unions, ECONorthwest used IMPLAN, an input-output model which enables the user to follow expenditures from a company as they flow through the economy.

The model measures credit union impacts (direct) and indirect (supply chain) and induced (consumer spending) impacts, then calculates economic contributions (output), employee compensation, and jobs.

CREDIT UNIONS' UNIQUE ECONOMIC IMPACT

There is a key difference between this report and a standard economic impact analysis. In the credit unions' unique not-for-profit cooperative, member-driven structure, credit unions return benefits directly back to their member consumers rather than delivering profits for investors. That direct member benefit creates another layer of economic impact. As cooperatives return benefits directly to members, these benefits support additional Main Street economic impacts.

KEY TERMINOLOGY

Credit Unions are cooperative, not-for-profit, and member owned.

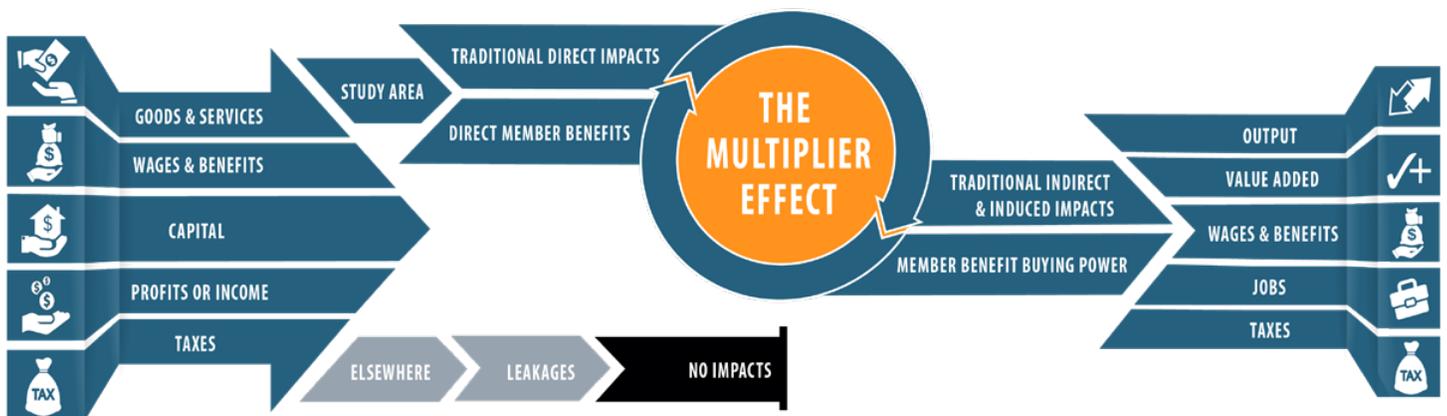
Credit Union Impacts represent the output, employment, or income change due to credit unions' own use of goods and services.

Total Economic Impacts include credit union impacts as well as indirect and induced impacts. Indirect impacts are driven by direct expenditures, which initiate a chain of other impacts in the economy, as the firms that supply goods and services to credit unions must themselves purchase supply chain goods and services. Induced impacts are supported as a result of consumer expenditures by employees.

Direct Member Benefits are calculated by accounting for differences in not-for-profit credit union and for-profit bank pricing. The not-for-profit cooperative structure is designed to return benefits directly to the members it serves, while a for-profit-bank structure is designed to return benefits to shareholders. Credit union members enjoy lower account fees, higher interest rates on savings and checking accounts, and lower interest rates on loans.

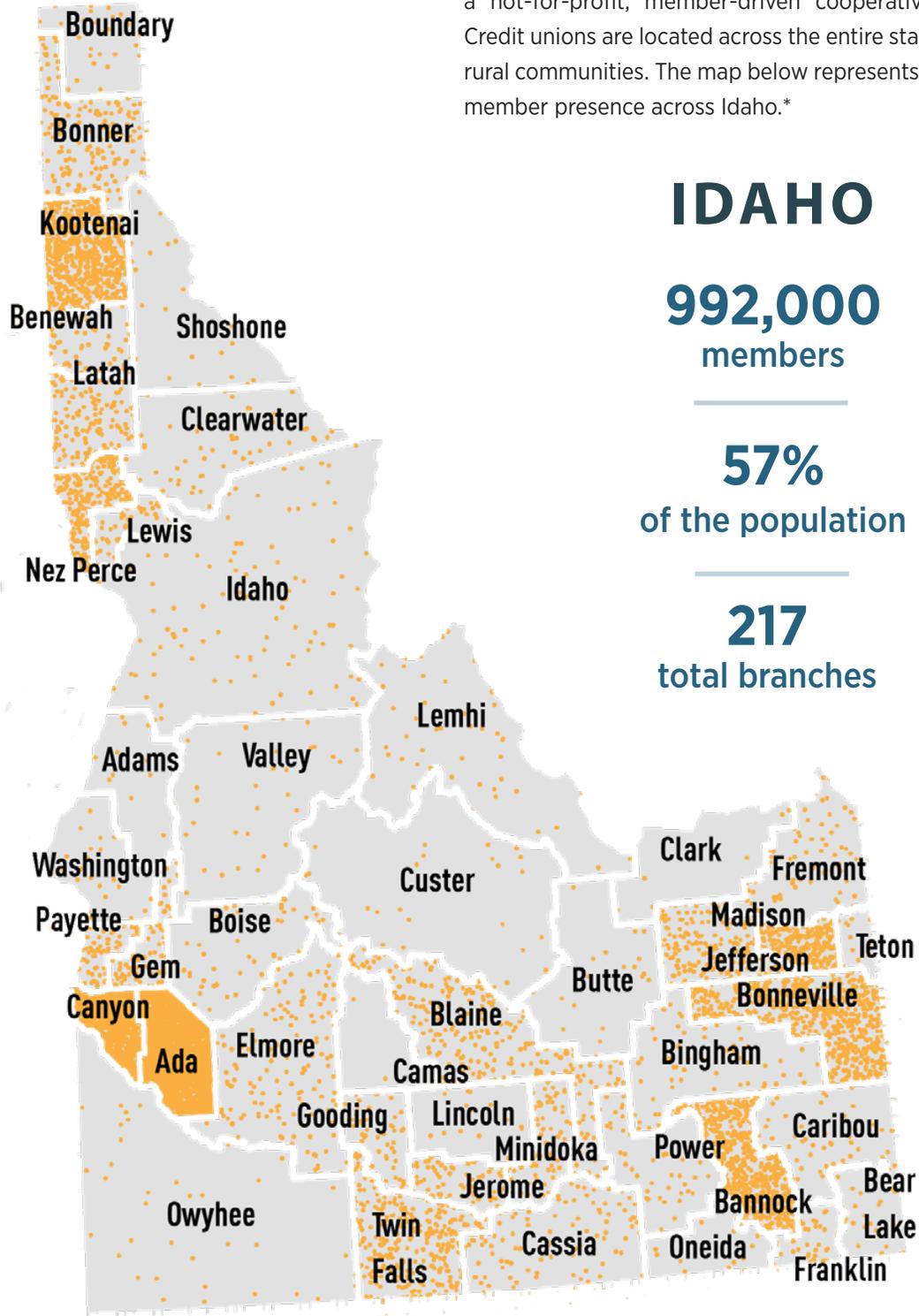
Economic Contribution represents all sales and other operating income occurring in the study area (inclusive of supply-chain purchases and compensation of employees.)

TOTAL IMPACTS



IDAHO CREDIT UNION MEMBERS

In Idaho, 992,000 consumers have made the choice to join a not-for-profit, member-driven cooperative credit union. Credit unions are located across the entire state, even in small, rural communities. The map below represents the credit union member presence across Idaho.*



● 100 MEMBERS

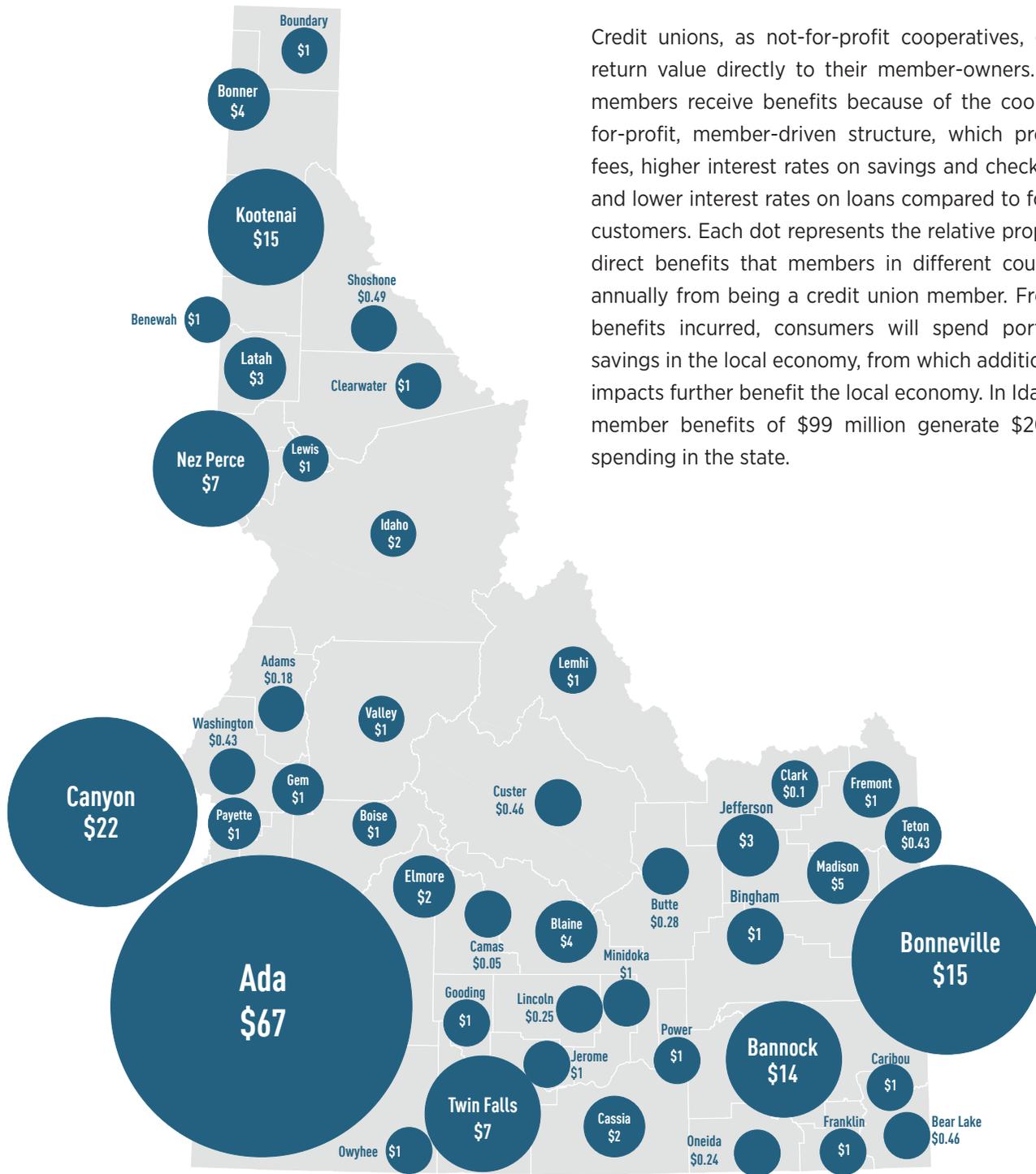
Source: NWCUA member survey, CUNA, NCUA, and ECONorthwest calculations.

Note: Dots are randomly placed within each county, representing 100 members each.

*This potentially includes double counting of individuals who are members of more than one credit union.

The number of credit unions represented are those that have members in Idaho, not the number of credit unions headquartered.

IDAHO VALUE OF MEMBER BENEFITS



Credit unions, as not-for-profit cooperatives, generate and return value directly to their member-owners. Credit union members receive benefits because of the cooperative, not-for-profit, member-driven structure, which produces lower fees, higher interest rates on savings and checking accounts, and lower interest rates on loans compared to for-profit bank customers. Each dot represents the relative proportion of the direct benefits that members in different counties realized annually from being a credit union member. From the direct benefits incurred, consumers will spend portions of that savings in the local economy, from which additional multiplier impacts further benefit the local economy. In Idaho, the direct member benefits of \$99 million generate \$206 million of spending in the state.

\$100
direct member benefits
per member

\$99 MILLION
total direct
member benefit

\$206 MILLION
local spending supported
by member benefit

NUMBERS IN MILLIONS ●

CUNA "Membership Benefits Report," Year-End 2018 Member benefits were calculated based on 2Q 2018 data from CUNA. The annual member benefit calculation was applied to the number of members living in each county during 4Q 2017.

IDAHO ECONOMIC IMPACTS

Direct Member Benefits The \$99 million in direct financial benefits that 992,000 Idaho members received last year from their cooperative credit unions supported \$206 million in total economic impacts. The direct member benefits are calculated by accounting for differences in not-for-profit credit union and for-profit bank pricing. Because of the cooperative structure, credit union members enjoy such things as lower account fees, higher interest rates on savings and checking accounts, and lower interest rates on loans.

Jobs and Income Credit unions in Idaho provided 2,500 family wage jobs. Every credit union job supports 1.2 more jobs in the Idaho economy.

Economic Contribution This represents all sales and other operating income occurring in the study area (inclusive of supply chain purchases and compensation of employees). Idaho credit unions supported \$779 million in total gross economic activity.

Loans Credit unions' lending to working-class Idahoans puts them in houses, helps them start small businesses, and provides transportation to jobs. In 3Q 2018, there were 562,000 loans outstanding, totaling \$8.1 billion.



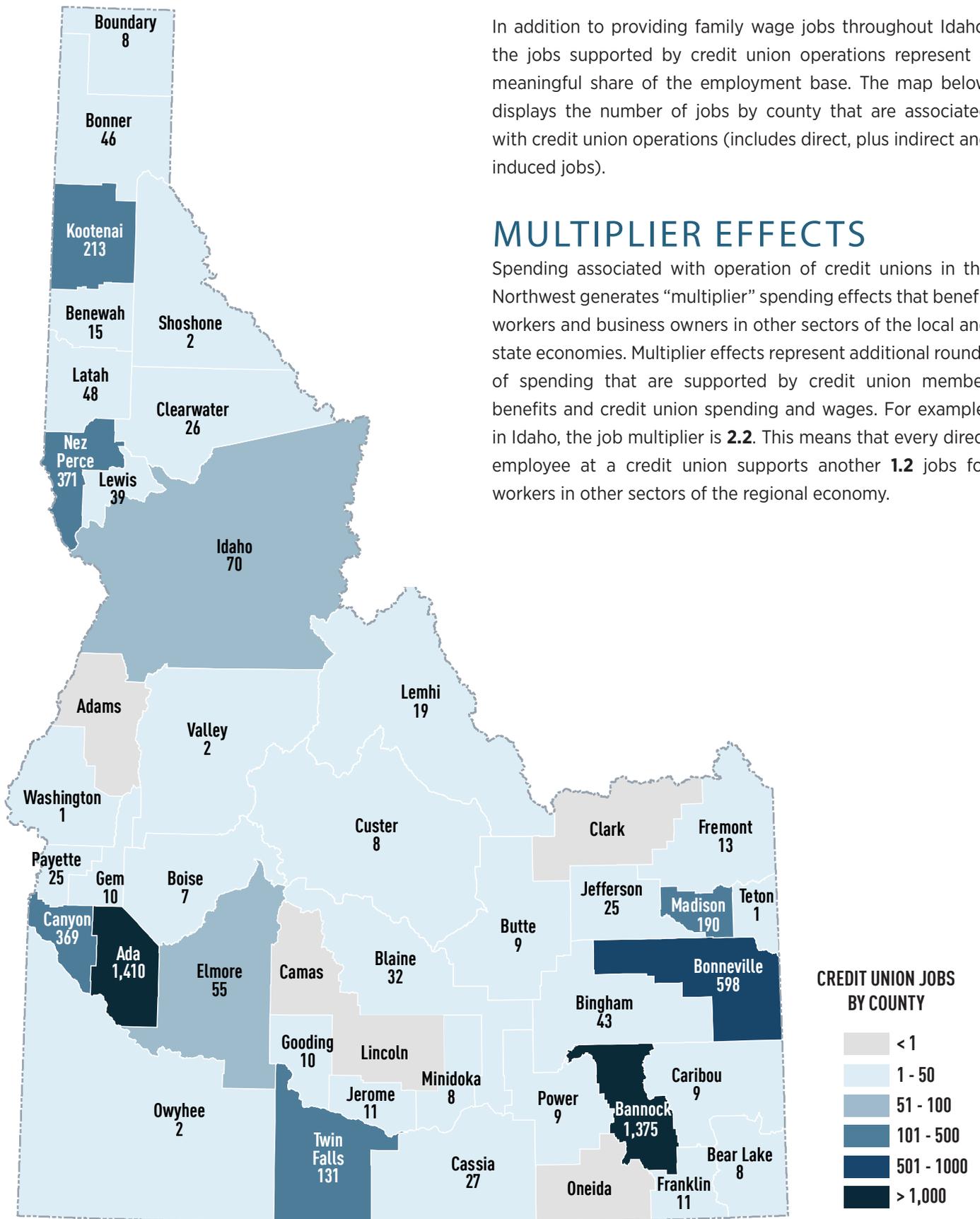
	CREDIT UNION IMPACTS	TOTAL ECONOMIC IMPACTS
 <p>DIRECT MEMBER BENEFIT</p>	<p>\$99 MILLION benefit to members</p>	<p>\$206 MILLION total economic output supported by direct member benefits</p>
 <p>JOBS</p>	<p>2,500 jobs</p>	<p>5,500 total jobs supported by credit union operations</p>
 <p>INCOME</p>	<p>\$158 MILLION income to credit union employees</p>	<p>\$299 MILLION total income supported by credit union operations</p>
 <p>ECONOMIC CONTRIBUTION</p>	<p>\$290 MILLION spending and compensation</p>	<p>\$779 MILLION total spending & compensation supported by credit union operations</p>

IDAHO CREDIT UNION JOB IMPACTS

In addition to providing family wage jobs throughout Idaho, the jobs supported by credit union operations represent a meaningful share of the employment base. The map below displays the number of jobs by county that are associated with credit union operations (includes direct, plus indirect and induced jobs).

MULTIPLIER EFFECTS

Spending associated with operation of credit unions in the Northwest generates “multiplier” spending effects that benefit workers and business owners in other sectors of the local and state economies. Multiplier effects represent additional rounds of spending that are supported by credit union member benefits and credit union spending and wages. For example, in Idaho, the job multiplier is **2.2**. This means that every direct employee at a credit union supports another **1.2** jobs for workers in other sectors of the regional economy.



Source: BLS QCEW, NWCUA member survey, CUNA, NCUA, and ECONorthwest calculations.

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