



Personal Finance 2020: Five ways being a credit union member can benefit your wallet

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Pontiac, Mich. --- January 13, 2020 —Credit unions may have members and not shareholders, but their similarity to banks when it comes to consumer services is growing as credit unions of all sizes seek to retain and attract members in the mobile banking era. That’s why Michigan Legacy Credit Union (MLCU) President and CEO Carma Peters says it may be time to take a new look at credit union membership in 2020. She highlights five benefits:

1.) Credit Unions Offer Remote Deposit Capture

“Many traditional bank customers are surprised to learn most credit unions offer Remote Deposit Capture (RDC), with person to person services like Venmo, account to account deposits like PayPal, and general check depositing through a mobile app,” Peters said. “Progressive credit unions understand that advanced fintech options are a must for us to compete with banks. At the same time, credit unions are high touch. For example, MLCU recently introduced the Community Connect program to deliver banking services in-person to our members at their office or another registered place of business.”

2.) Credit Unions Provide the Same Protection on Deposits as Banks

While traditional banks boast of Federal Deposit Insurance Corporation (FDIC) insured accounts, Peters counters that credit unions have the same amount.

“The National Credit Union Association (NCUA) insures deposits up to \$250,000 the same as the FDIC,” Peters said. “Further, credit unions held our own during the recession of 2009; we did not receive any government bailout money like several banks did.”

3.) Credit Unions Use Flexible Lending Practices

Peters doesn’t pit credit unions against banks; rather, she notes that each has a place in financial services. For example, credit unions look at long term relationships. If a member faithfully saves \$10 per pay and doesn’t touch it, that has meaning to the credit union when it comes to analyzing credit worthiness.

“Banks have shareholders they need to report to each month. We have members – many of whom appreciate that we are flexible with lending products like car loans and mortgages,” Peters said. “While the 5 c’s of credit (character, conditions, capital, capacity and collateral) are very important in terms of determining one’s ability to repay a loan – and banks rightly adhere to them - a credit union will look at other considerations too, such as recent history of paying back a loan or advances made towards credit repair. When our members have less than stellar credit scores, we work with them to build up that number and help them make good financial

decisions moving forward. It's more of a community service focus where members feel they have a private banker to turn to for financial advice."

4.) Credit Unions Look at Non-Traditional Collateral for Mortgages

The same holds true for home mortgages. While a traditional bank may take two to four weeks to process a mortgage application, a credit union-obtained mortgage for a borrower with a lower credit score may take longer, but is not impossible, because the credit union can make decisions at the local level and may be able to design a loan to meet the borrower's – and the credit union's - needs.

"Credit unions are often willing to consider mortgages for members who can't pass the on-line process to get a mortgage through a bank – it goes back to looking at the whole picture of the individual that a bank may not have access to," Peters said. "We've also been known to get creative when analyzing a person's financial position, with some collateral that is owned free and clear being considered in the credit worthiness of the borrower. Yes, it takes more time for credit unions to do that, but the resulting mortgage acceptance - the ultimate goal – is realized."

5.) Credit Unions Offer Better Credit Card Rates Over Retailers

Peters points out the benefits of a credit union issued credit card over a retailer's credit card.

"The maximum interest rate a credit union can charge by law for a credit card is 18%; the average interest rate for a retail credit card is 28%, which means much more money spent for repayment over many more years," Peters said. "We work with our members to help them understand the financial ramifications of their consumer borrowing approach."

With six physical branches in Flat Rock, Garden City, Highland, Pontiac, Warren and Wyandotte, more than 20,000 members and \$211 million in deposits, Michigan Legacy Credit Union recently announced a new strategic direction for its branch network that includes updated but smaller branches, including some in new locations, a new design theme, and the introduction of video teller platforms. The new prototype branch will debut in the fall of 2020 in Flat Rock, near MLCU's existing Flat Rock branch, which will be sold. All MLCU branches welcome pets.

About Michigan Legacy Credit Union

Michigan Legacy Credit Union (MLCU) is a member-owned, not-for-profit financial cooperative serving members who live, work, worship, attend school, or own a business in the state of Michigan. Michigan Legacy Credit Union is committed to providing quality financial services at a competitive price delivered professionally and efficiently while keeping member/owners and their needs first. For additional information on MLCU, visit: www.michiganlegacycu.org.

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