

2018 ECONOMIC IMPACTS OF CREDIT UNIONS in Idaho, Oregon, and Washington



\$603 MILLION

In direct member benefits

\$7.8 BILLION

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.

DEFINING 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.)

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.

ECONorthwest

ECONOMICS • FINANCE • PLANNING

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.

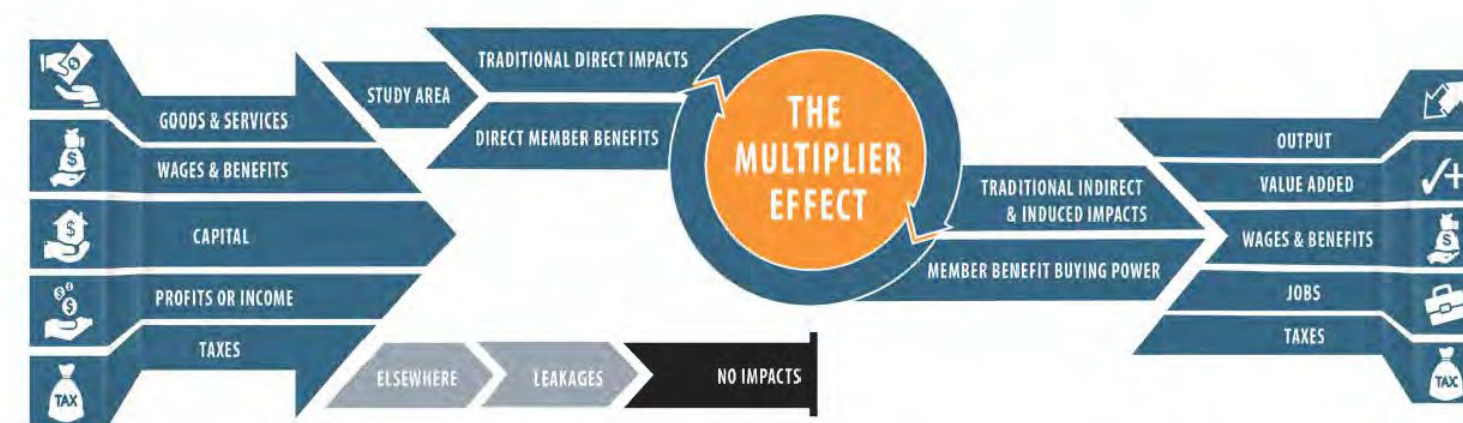
ABOUT

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.

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

TOTAL IMPACTS



CREDIT UNION ECONOMIC IMPACTS

Direct Member Benefits In 2018, the 7.3 million Northwest consumers received \$603 million in direct member benefits from their not-for-profit cooperative credit unions. The result of spending the \$603 million supported \$1.3 billion in economic activity in the region.

Membership Growth The number of credit union members living in the three-state Pacific Northwest region has grown rapidly since 2016. In Oregon and Washington, membership grew by 14% since 2016 compared to 3.4% population growth. In Idaho, membership grew by 8% since 2017, compared to 2.3% population growth.

Economic Contribution Credit unions supported \$7.8 billion in total gross economic activity, which includes supply chain spending, wages, and direct member benefit.

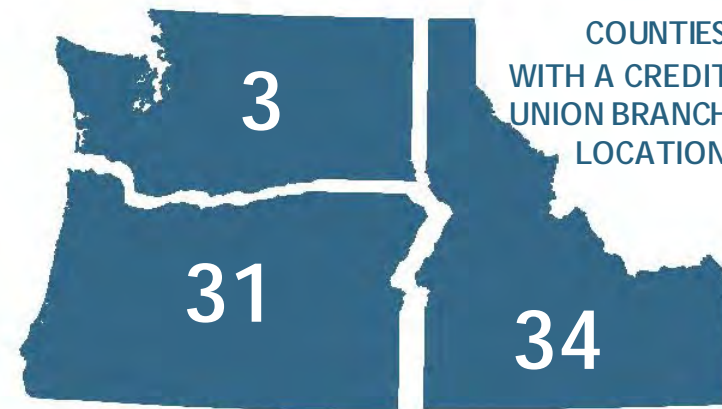
Jobs and Income Credit unions in Idaho, Oregon, and Washington provided more than 18,700 family wage jobs. Every credit union job supports one-and-a-half additional jobs in the Northwest economy (a jobs multiplier of 2.5).



	CREDIT UNION IMPACTS	TOTAL ECONOMIC IMPACTS
<p>DIRECT MEMBER BENEFIT</p>	<p>\$603 MILLION benefit to members</p>	<p>\$1.3 BILLION total economic output supported by direct member benefits</p>
<p>ECONOMIC CONTRIBUTION</p>	<p>\$3.1 BILLION spending and compensation</p>	<p>\$7.8 BILLION total spending & compensation supported by credit union operations</p>
<p>JOBS</p>	<p>18,700 jobs</p>	<p>46,800 total jobs supported by credit union operations</p>

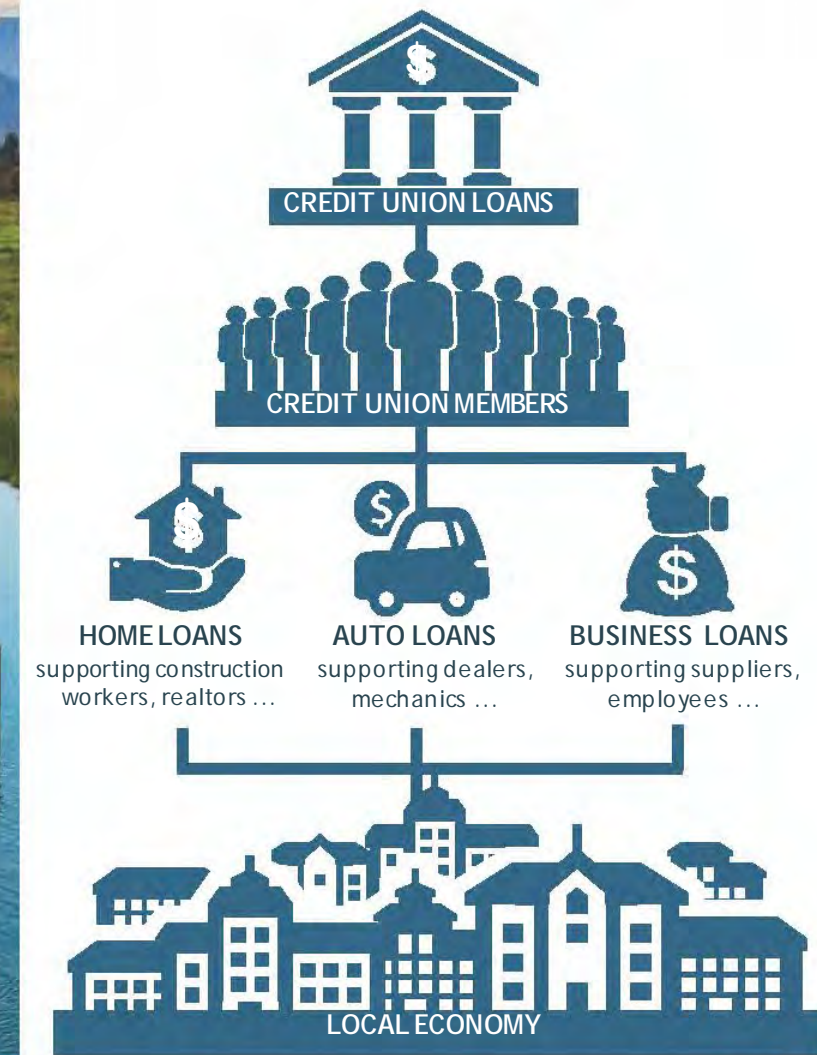
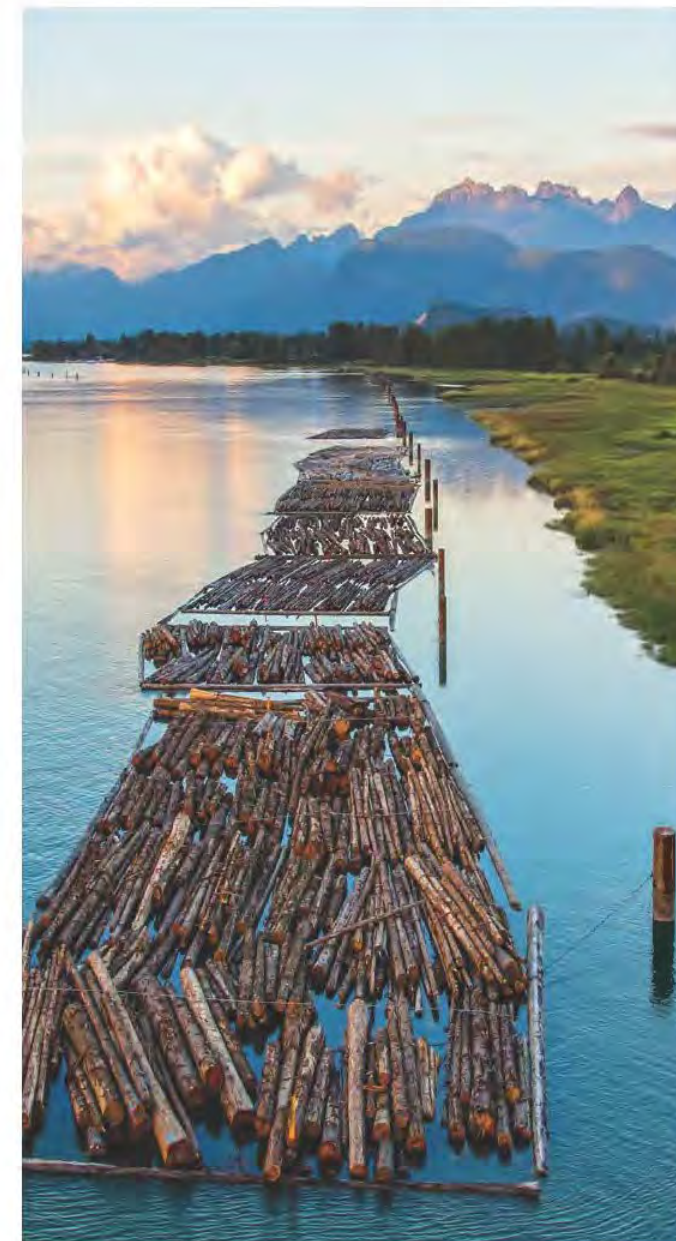
\$7.8 BILLION would be the 241ST LARGEST METRO AREA measured by GDP in the U.S.; placing it between Medford, OR, and Idaho Falls, ID.

CREDIT UNION ECONOMIC IMPACTS



Rural Lifeline In rural counties, about 312,000 residents are credit union members, which represents 33% of the rural population. While many out-of-state, for-profit financial services institutions have closed branches in rural communities, local credit unions remain committed to serving these populations, providing services such as agricultural, home, vehicle, and small business loans that area consumers need.

Loans In addition to the \$7.8 billion that Northwest credit unions contributed to the regional economy, credit unions have currently provided 4.16 million loans outstanding to members, totaling \$65.6 billion.* Credit unions' lending to working-class Northwest consumers puts them in houses, helps them to start small businesses, and provides transportation to jobs, in addition to the spending supported through member-derived benefits.

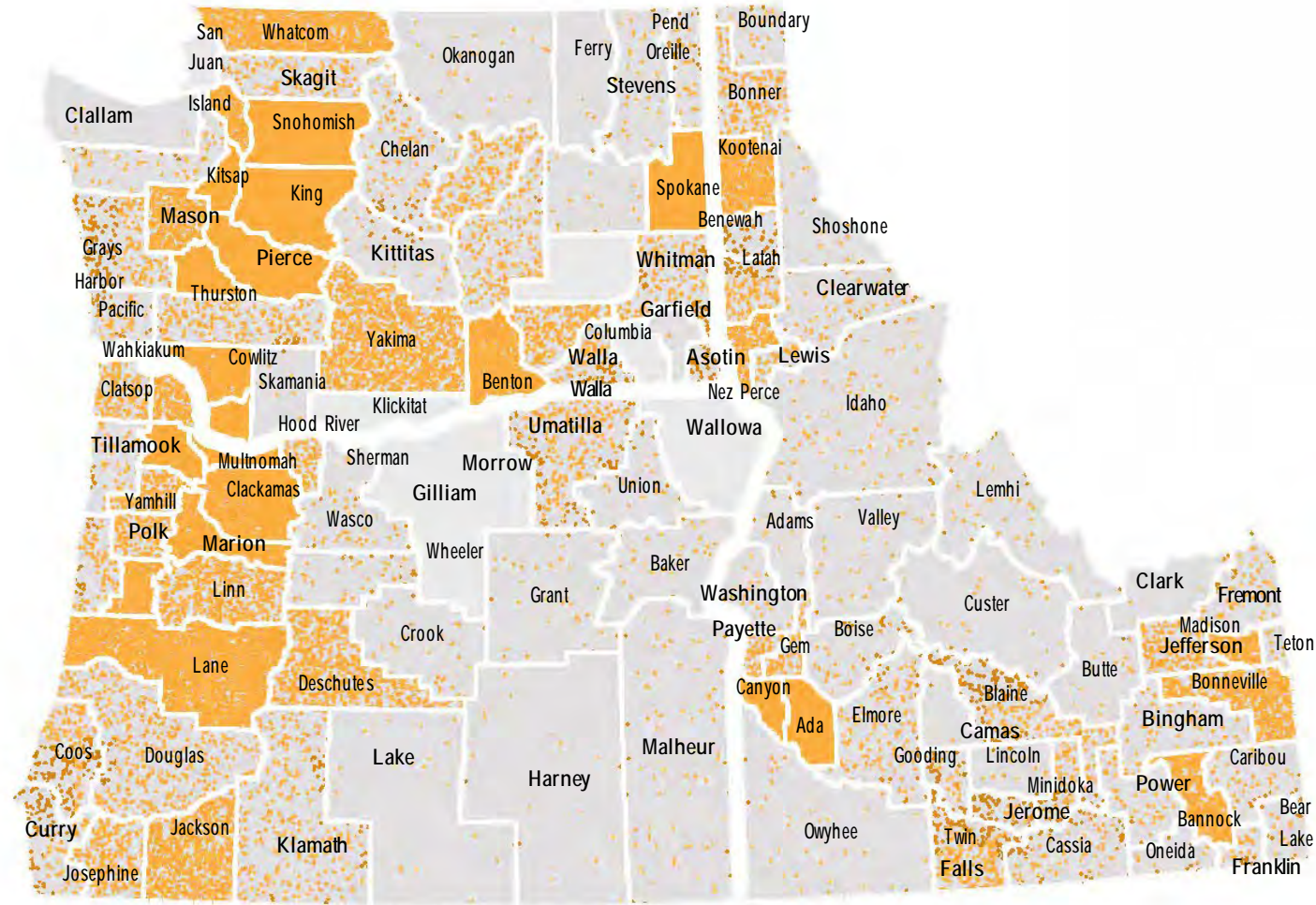


*Data from CUNA 3Q 2018. No economic impacts were calculated based on use of the loans in the economy. For example, we did not calculate the impact of car loans on the new and used car industries, nor the impact of mortgages on the real estate and construction industries. Loans broadly benefit the regional economy, but this study does not capture how loans benefit individual businesses throughout the economy.

CREDIT UNION MEMBERS

In Idaho, Oregon, and Washington, 7.3 million consumers have made the choice to join a not-for-profit, member-driven cooperative credit union. Credit unions are located across the

entire Pacific Northwest, even in small, rural communities. The map below represents the credit union member presence across the Northwest.*



WASHINGTON

4.3 M
members
58%
of the population
550
total branches

OREGON

2.1 M
members
50%
of the population
318
total branches

IDAHO

992,000
members
57%
of the population
217
total branches

● 100 MEMBERS

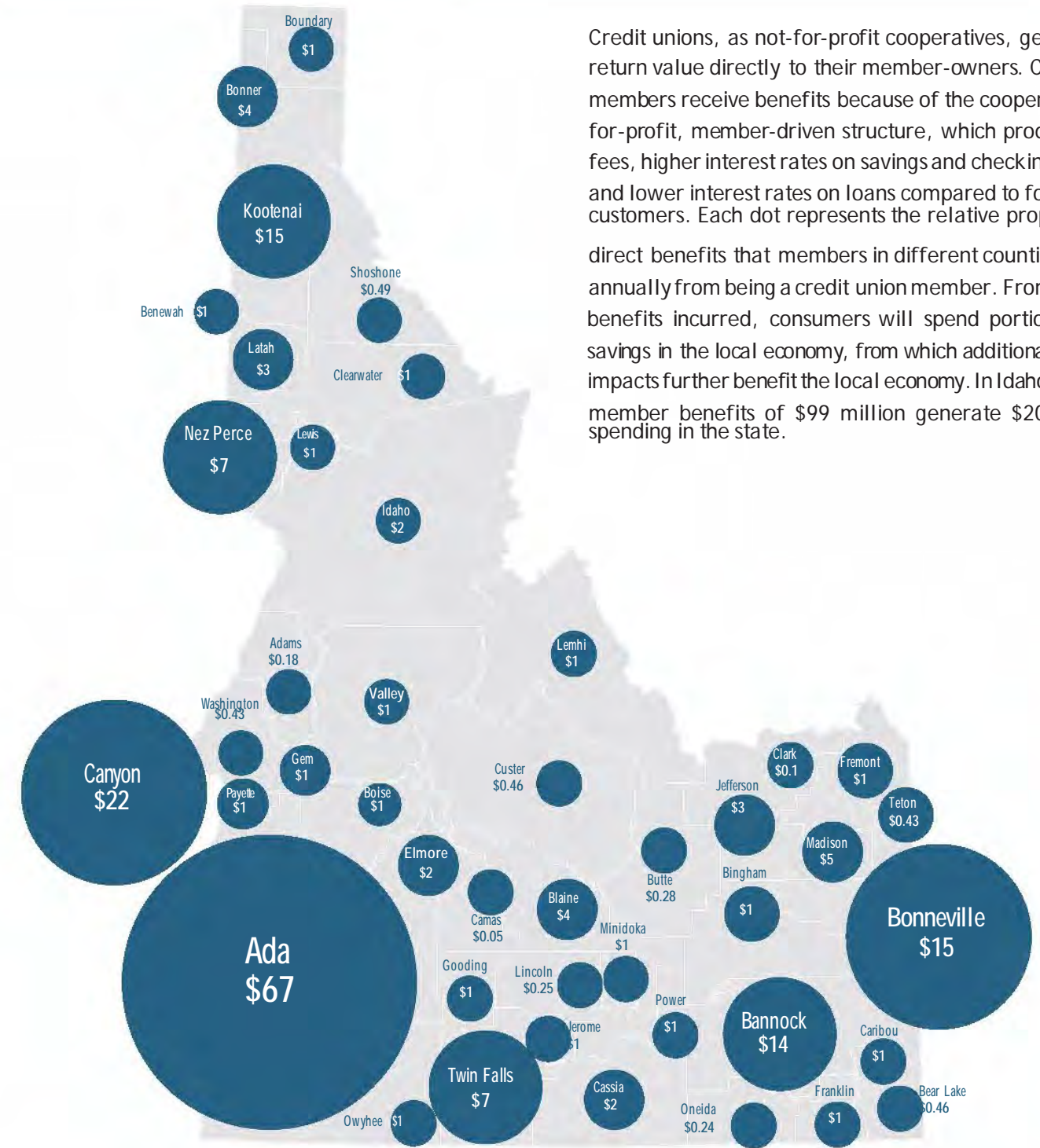
Source: NWCUA member survey, CUNA, NCUA, and ECONorthwest calculations.

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, Oregon, Washington, 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.



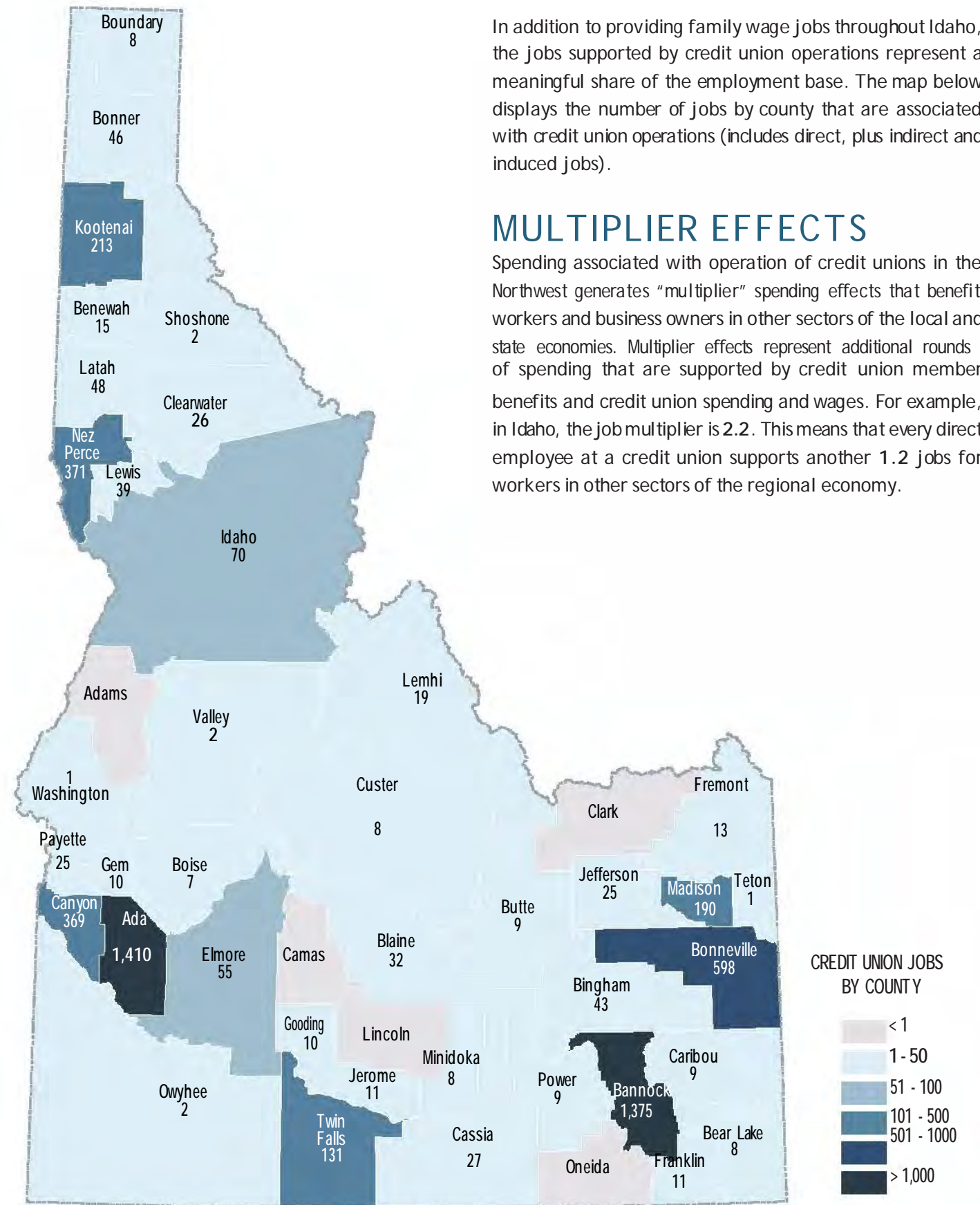
	CREDIT UNION IMPACTS	TOTAL ECONOMIC IMPACTS
 DIRECT MEMBER BENEFIT	\$99 MILLION benefit to members	\$206 MILLION total economic output supported by direct member benefits
 JOBS	2,500 jobs	3,500 total jobs supported by credit union operations
 INCOME	\$158 MILLION income to credit union employees	\$299 MILLION total income supported by credit union operations
 ECONOMIC CONTRIBUTION	\$290 MILLION spending and compensation	\$779 MILLION total spending & compensation supported by credit union operations

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.

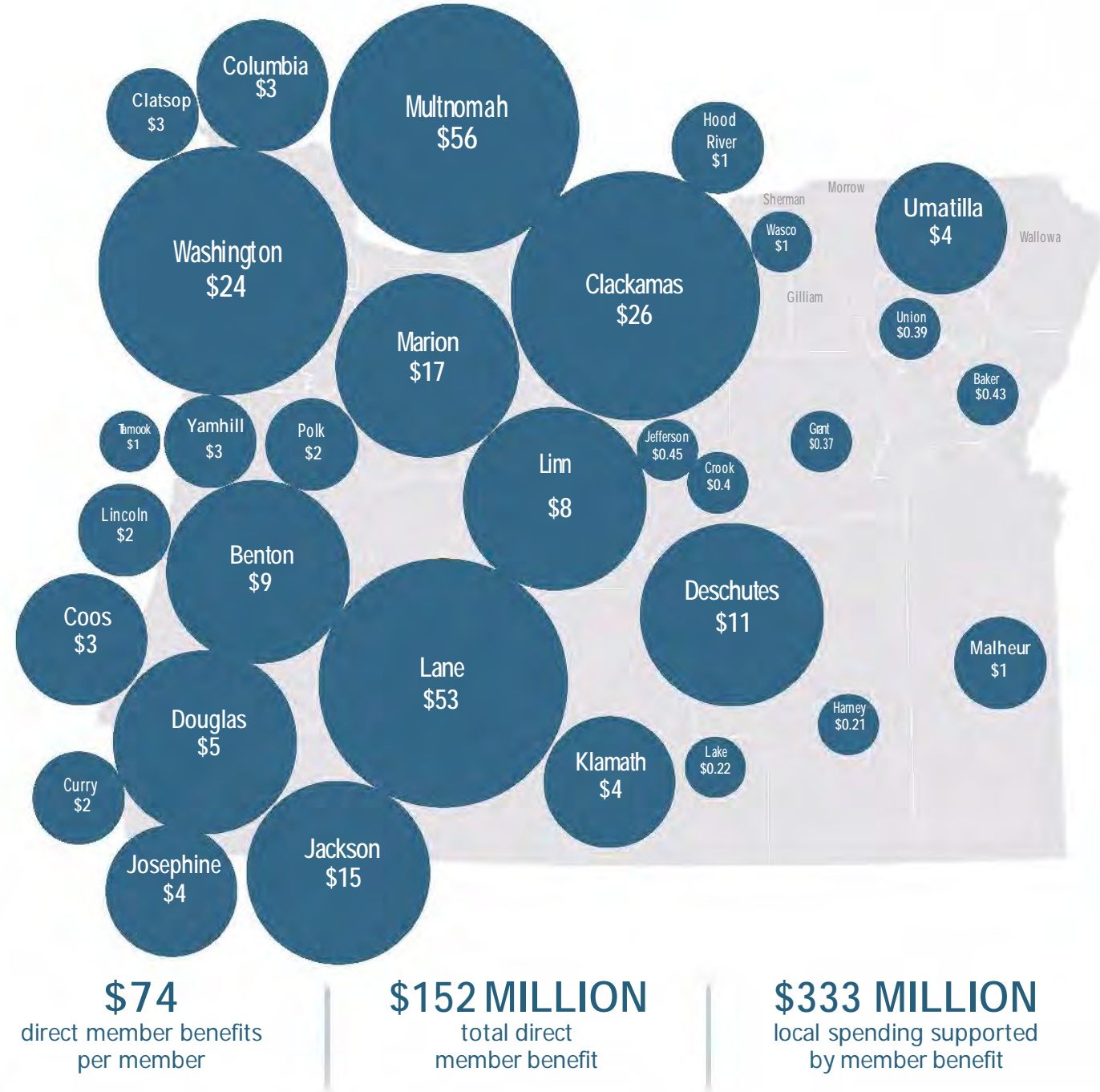


Source: BLS QCEW, NWCUA member survey, CUNA, NCUA, and ECONorthwest calculations.

OREGON 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 Oregon, the direct member benefits of \$152 million support \$333 million of spending in the state.



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.

OREGON ECONOMIC IMPACTS

Direct Member Benefits The \$152 million in direct financial benefits that 2.05 million Oregon members received last year from their cooperative credit unions supported \$333 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 Oregon provided 5,100 family wage jobs. Every credit union job supports 1.4 additional jobs in the Northwest 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). Oregon credit unions generated \$1.8 billion in total gross economic activity.

Loans Credit unions' lending to working-class Oregonians puts them in houses, helps them start small businesses, and provides transportation to jobs. In 3Q 2018, there were 1.1 million loans outstanding, totaling \$17.1 billion.



	CREDIT UNION IMPACTS	TOTAL ECONOMIC IMPACTS
DIRECT MEMBER BENEFIT	\$152 MILLION benefit to members	\$333 MILLION total economic output supported by direct member benefits
JOBS	5,100 jobs	12,200 total jobs supported by credit union operations
INCOME	\$366 MILLION income to credit union employees	\$802 MILLION total income supported by credit union operations
ECONOMIC CONTRIBUTION	\$757 MILLION spending and compensation	\$1.8 BILLION total spending & compensation supported by credit union operations

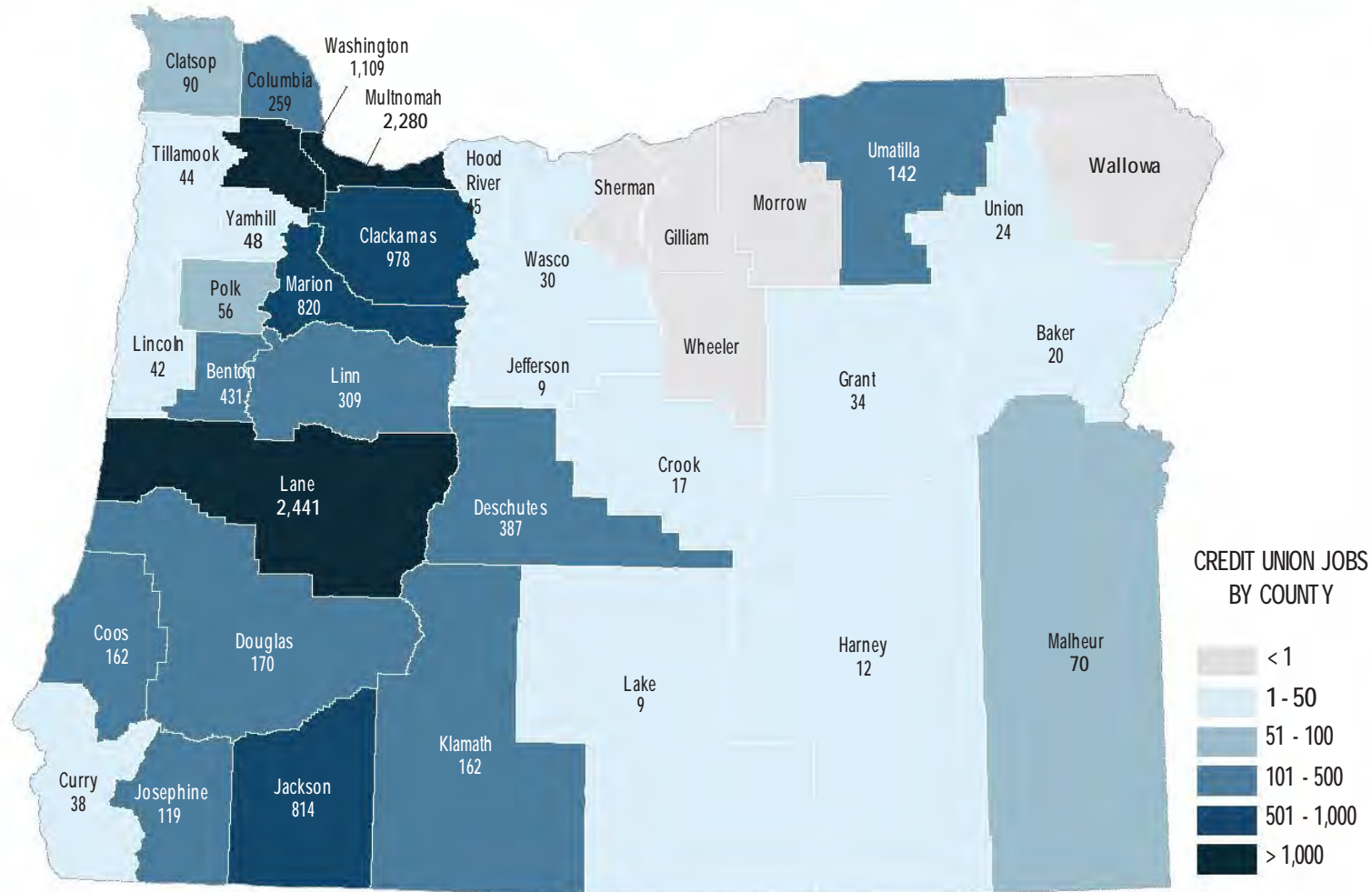
OREGON CREDIT UNION JOB IMPACTS

In addition to providing family wage jobs throughout Oregon, 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 Oregon, the job multiplier is 2.4. This means that every direct employee at a credit union supports another 1.4 jobs for workers in other sectors of the regional economy.

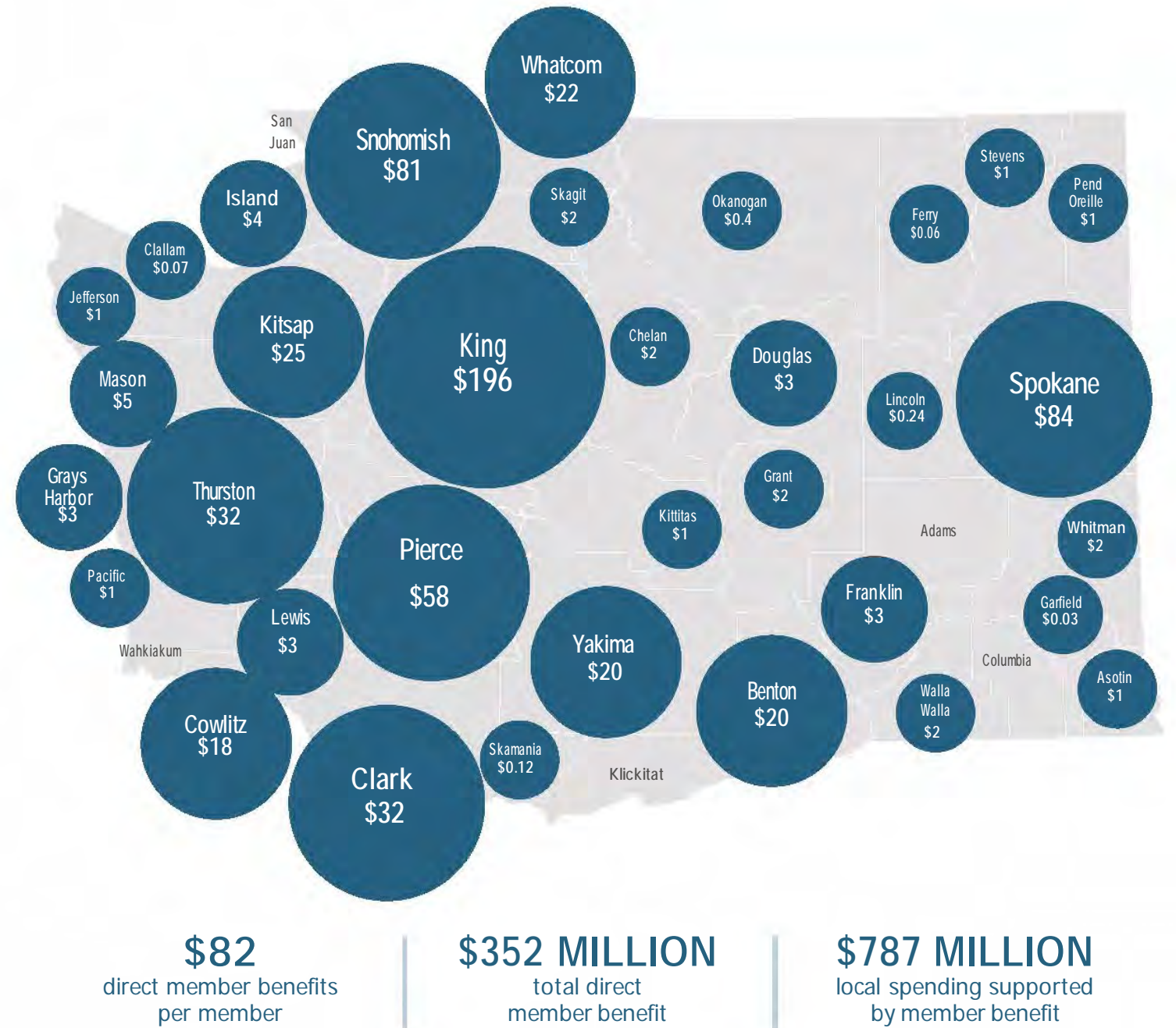


Source: BLS QCEW, NWCUA member survey, CUNA, NCUA, and ECONorthwest calculations.

WASHINGTON 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 Washington, the direct member benefits of \$352 million support \$787 million of spending in the state.



\$82
direct member benefits
per member

\$352 MILLION
total direct
member benefit

\$787 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.

WASHINGTON ECONOMIC IMPACTS

Direct Member Benefits The \$352 million in direct financial benefits that 4.3 million Washington members received last year from their cooperative credit unions supported \$787 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 Washington provided 11,100 family wage jobs. Every credit union job supports 1.6 additional jobs in the Northwest 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). Washington credit unions supported \$5.1 billion in total gross economic activity.

Loans Credit unions' lending to working-class Washingtonians puts them in houses, helps them start small businesses, and provides transportation to jobs. In 3Q 2018, there were 2.5 million loans outstanding, totaling \$40.4 billion.







WASHINGTON CREDIT UNION JOB IMPACTS

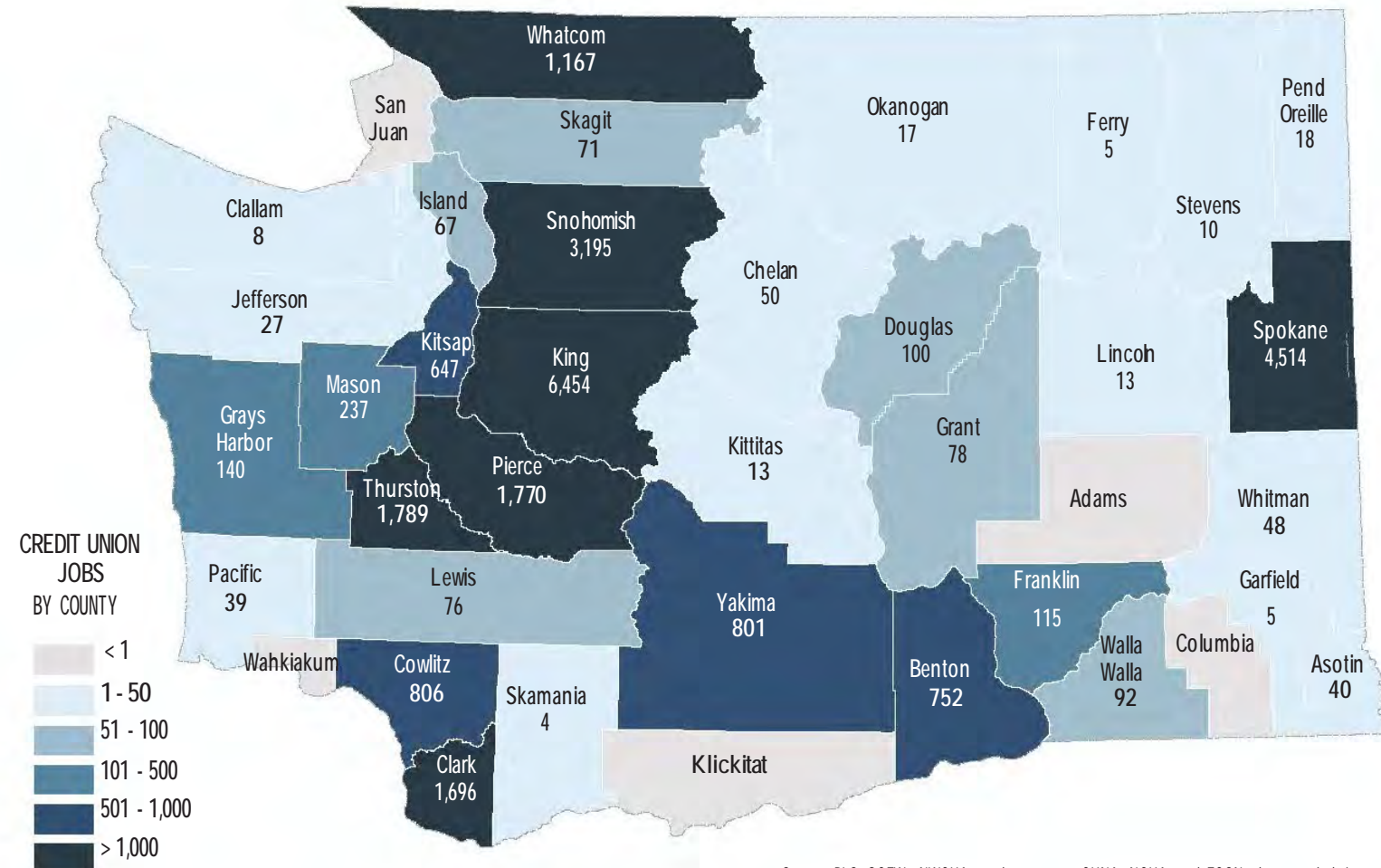
In addition to providing family wage jobs throughout Washington, the jobs supported by credit union operations represent a meaningful share of the employment base. The map below displays the number of jobs by county that are associated with credit union operations (includes direct, plus indirect and 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 Washington, the job multiplier is 2.6. This means that every direct employee at a credit union supports another 1.6 jobs for workers in other sectors of the regional economy.



	CREDIT UNION IMPACTS	TOTAL ECONOMIC IMPACTS
 DIRECT MEMBER BENEFIT	\$352 MILLION benefit to members	\$787 MILLION total economic output supported by direct member benefits
 JOBS	11,100 jobs	29,100 total jobs supported by credit union operations
 INCOME	\$874 MILLION income to credit union employees	\$1.8 BILLION total income supported by credit union operations
 ECONOMIC CONTRIBUTION	\$2.1 BILLION spending and compensation	\$5.1 BILLION total spending & compensation supported by credit union operations



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

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