

# NASCUS

The National Voice of the State Credit Union System

## The State of the State System

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President & CEO, NASCUS

2019 NASCUS State System Summit

August 14, 2019

San Francisco

# The State Credit Union System (2019 Q1)

	FISCUs	PISCUs*	Total	ΔYOY
CUs	1,985	114	2,099	-3.4%
Members	55.5 m	1.3 m	56.8 m	4.8%
Assets	\$726.5 B	\$17.2 B	\$743.7 B	6.6%
Avg. Assets	\$366 m	\$151 m	\$354 m	8.9%

\*10 States with Privately-Insured Credit Unions

AL, CA, ID, IL, IN, MD, MT, NV, OH, TX

# Dual Charter Credit Union System (2019 Q1)

	SCUs	FCUs	% SCU
CUs	2,099	3,350	39%
Members	56.8 m	61.9 m	48%
Assets	\$743.7 B	\$779.6	49%
Avg. Assets	\$354 m	\$280 m	NA
2017 Δ CUs	-111	-109	50%
2018 Δ CUs	-76	-123	38%

# Dual Charter System: Ratios (2019 Q1)

	SCUs	FCUs
Net Worth	11.02%	11.24%
Delinquency	0.49% [0.65%]	0.66% [0.77%]
ROA	0.93%	0.97%
Op Exp / Avg Assets	3.11%	3.13%
Loans / Shares	82.85%	68.53%
Avg. Shares / Mbr	\$11,182	\$10,558
S&B / FTE	\$79,199	\$79,036

# State-Federal Conversions 2012 – 2019 (Q2)

	State > Fed	Assets	Fed > State	Assets
2012 - 2015	8	\$1.7 B	40	\$27.0 B
2016 - 2018	32	\$5.6 B	16	\$4.7 B
2018	3	\$0.16 B	4*	\$2.5 B
2019 Q2	3	\$0.20 B	5	\$3.7 B
2012 - 2019	43	\$7.6 B	61	\$35.5 B

Question for States: How competitive is your state CU charter relative to federal charter and other states' charters?

# Conversion Drivers

- State → Fed: Interstate Branching
  - Parker Cann: Wednesday @ NASCUS Summit
- Fed → State: Field of Membership

# Statewide Fields of Membership

- **AK, IA, MI, WA** confirmed “effective” Statewide FOMs:
  - County-by-county
  - District-by-district
  - Sometimes contiguous, sometimes not.
- NY and others...to be confirmed

# Parity: Fed-State / “Super” / “Ultra”

- **Federal Parity:** 42/43 States All but Alaska
  - 2 states did not respond.
  - Automatic / With SSA approval / No more than FCU
- **“Super” Parity:** Federal plus State-State (CU Charter) 5 States
  - Connecticut, Idaho, Texas, Utah, Washington (2019)
  - Typically: Subject to SSA approval.
  - TX subject to: Commissioner approval & “foreign” CU has physical branch in TX.
- **“Ultra” Parity:** Federal plus State-State (All charter types) Michigan
  - Director shall consider: (1) safety & soundness, (2) state and federal CU laws and regs, (3) “the powers of other competing entities providing financial services,” and (4) specific limitations in MI law and rules.



# Largest State Depository is a Credit Union



## Florida

\$10.3 B > \$4.1 B

\$8.7 B > \$4.1 B



## Minnesota

\$5.3 B > \$2 B



## Idaho

\$3.4 B > \$1.6 B



## New Hampshire

\$3.7B > \$1.8B



## Iowa

\$4.7 B ≥ \$4.6



## Washington

\$21.2 B > \$13.1B

# What else is up...

Cybersecurity – Third Party Vendor Authority  
Bank Acquisitions

# 29 States with Third Party Vendor Authority 29 / 12 / 4

Alabama	Illinois	Michigan	New Mexico	S. Carolina
Alaska	Indiana	Minnesota	New York	Tennessee
Arizona	Iowa	Mississippi	N. Carolina	Texas
California	Kansas	Missouri	*N. Dakota	Utah
Colorado	Kentucky	Montana	Ohio	Vermont
Connecticut	Louisiana	Nebraska	Oklahoma	Virginia
Florida	Maine	Nevada	Oregon	Washington
Georgia	Maryland	New Hamp	Pennsylvania	W. Virginia
Idaho	Mass	New Jersey	Rhode Island	Wisconsin

- 1st = FCU (2012)

- 29 to date

- 24 SCUs

- 5 FCUs

- 2012 - 2018

Avg Size of  
Selling Bank

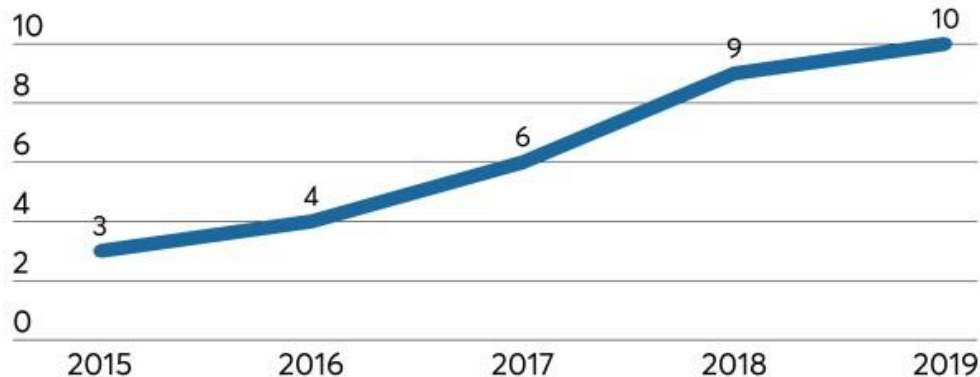
- \$106 million

- Largest in 2019

- \$733 million

## Credit Union Bank Acquisitions

### New record for CU-bank purchases



Source: Global Market Intelligence and KBW

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# State-Fed & Fed-State Credit Union Conversions (2012 – 2019/Q2)

	State > Fed	Assets \$B	Fed > State	Assets \$B
2012	0	\$0	6	\$1.4B
2013	3	\$1.2B	13	\$9.2B
2014	4	\$0.6B	10	\$6.2B
2015	1	\$0.02B	11	\$10.3B
<b>2012 - 15</b>	<b>8</b>	<b>\$1.75B</b>	<b>40</b>	<b>\$27.1B</b>
2016	5	\$0.53B	4	\$0.25B
2017	24*	\$4.9B	8	\$1.99B
2018	3	\$0.16B	4**	\$2.5B
<b>2016-2018</b>	<b>32</b>	<b>\$5.6B</b>	<b>16</b>	<b>\$4.7B</b>
2012 – 19 Q2	43	\$7.6B	61	\$35.5B

\*In 2017:

15 Mississippi SCUs (\$2.5B) converted to FCUs due to lower NCUA operating fees at the time.

\*\*In 2018:

A Nebraska FCU converted to an Iowa SCU because it could grow more easily in Nebraska under the Iowa charter. This is the first known occurrence of a FCU converting to a SCU in a different state because of growth opportunities.

## Wake-Up Call for the State System:

How competitive is your state's charter relative to federal charter and other state charters?