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The List: Valley credit unions see growth in members-first model even as competition grows

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Arizona has a wealth of credit unions for consumers to consider, and those financial institutions are increasingly vying for attention in a crowded marketplace.

To determine what are the latest trends in that sector, we posed several questions to [Mountain West Credit Union Association CEO Scott Earl](#) about where credit unions are now, and where they're going in the future.

You're about to give the State of the Credit

Union speech to your group. What are the highlights of that speech for Arizona residents? Credit unions are America's best financial partner, hands down.

Consumers who choose to make a credit union their primary financial institution, the place they do the majority of their banking, will benefit in the long run. Why? Because once you join a credit union you become an owner. There are no shareholders, the benefit goes to those that use the credit union. Those benefits include better rates, better products and services, more personalized service and an investment in the member's (consumer) financial success.

The Credit Union National Association estimates Arizona credit unions provided \$125 million in direct financial benefits to the state's 1.5 million members during



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Credit unions are seeing continued growth amid a competitive landscape.

the 12 months ending March 2019. That averages out to \$169 per household. Keep in mind that is just an average. The more a person uses the credit union, the more money that person saves over using other types of financial institutions. Credit unions are cooperatives that do not focus on profits but focus on providing the best services and products possible to their members.

Are Arizona banks and credit unions getting along well while they share this sandbox? There is natural friction between banks and credit unions. Those center on structural differences, competition and tax treatment. We are founded on a completely different structure – we are not-for-profit institutions that our members own. Banks are for-profit and are owned by separate shareholders, not usually the people who are their customers. The focus is entirely different. Because of that difference, Congress provides an income tax exemption to credit unions that, because of our structure, benefits the members of the credit union.

We appreciate and respect the role Arizona banks play in our economy and look for ways that we can work together.

There are many areas of common interest between banks and credit unions. We operate in the financial services space, so those kinds of regulations impact us all. We tend to have common ground here and have worked together on issues facing us all in this arena. Financial education and literacy are also important to both industries.

In Arizona, we worked together with the banks to help pass legislation that requires financial education be provided in schools. This education will help so many students gain an understanding of basic financial literacy. That is a win for all.

Can all of the Arizona credit unions afford the technology necessary to keep their members' money and information safe from cyberattack? Arizona's credit unions are financially healthy and are making the necessary investments in technology. This provision is actually a regulatory requirement, so credit unions, like their banking peers, must comply. But, as we all know, consumers/members are moving in the direction of online/mobile options, and credit unions have invested to make these options not only safe and viable, but advanced and user-friendly. Because credit unions are cooperatives, credit unions often combine their resources and find ways to meet the technology needs of their members together. The credit

union industry is also pioneering some exciting technological advances that will not only better protect consumers, but will help consumers have more control over who has access to their cyber information.

With membership restrictions, are credit unions able to successfully compete to offer accounts and services to business customers? There are several Arizona credit unions that are very successful at providing accounts and services to businesses. As a matter of fact, I would encourage small and midsize businesses to check out their local credit union. We recognize that one of the most important decisions you'll make as a small business owner is finding a hub for your business' finances. Whether you need to open an account, apply for a small business loan, find a credit card, or simply consult a resource for your questions, you should feel confident that your financial institution can provide an answer for most (if not all) of your small business' needs. These days, it's not hard to find credit unions that offer financing tools specifically for their entrepreneurial members, including loans, credit cards, checking and savings accounts, insurance, retirement funds, and health savings accounts designed for small business owners.

How are locally based credit unions reacting to the appearance of out-of-state credit unions such as Mountain America, Alaska USA and Navy FCU? Over the past several years, there definitely have been out-of-state credit unions that have come into Arizona. A credit union generally builds a branch or moves into an area where they have members or see that many potential members reside in that area. That has been the case with the credit unions you mention. What I think is most important to your readers is that additional credit unions translates into additional choices for consumers. Today, over two-thirds of Arizona residents are not members of a credit union. Why not? They are the best option for most consumers.

Banks are moving away from physical branches or turning them into a coffee shop-like experience. Has that trend hit credit unions? And how important are branches to credit union members? Traditionally, the brick-and-mortar locations have been a strong draw for a credit union member. Because being a member means you are an owner, and have a relationship with your credit union, that personal experience has been a very strong motivator. We have seen credit unions evolve and update their branches to meet the needs and expectations of their member base. Several credit unions in our state have incorporated advances like lounge areas where customer service agents can process transactions on personal

devices, and teller-less operations. That approach, combined with a robust online/mobile option for members who prefer to do their business online, makes for a strong member experience. In the end, you can count on your credit union doing what's right for their members.

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