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## **New Study: Shared Branching Boosts Credit Union Profitability**

**Atlanta, GA** (April 6, 2009) — New research findings just released at CO-OP Financial Services' THINK 09 conference reveal that shared branching positively impacts credit union profitability – a critical factor in the midst of the ongoing tumultuous economic climate. Raddon Financial Group (RFG) conducted the study, which consisted of 15 participant credit unions from various regions, asset sizes and peer groups, in conjunction with CO-OP Shared Branching.

The upshot? If your members can't get to you, they'll take their business elsewhere. By retaining and gaining members with the convenience of shared branching, credit unions can increase profitability through their own cross-sales channels.

Other key findings include the following:

- Shared branch users represent 23 percent of a credit union's overall profitability. While statistics range by individual credit union, one participant noted that the 13 percent of members using shared branching at his credit union represented 65 percent of overall profitability.
- An attractive market to pursue from a relationship profit perspective, the "middle market" segment accounts for 28 percent of shared branch user households. (It is comprised of young to middle-aged members with incomes between \$30,000-\$100,000, who have built up enough in household balances to offer good profit potential in both savings and borrowing.)
- Shared branch households generated an average profit of \$119.10 for credit unions, while non-user households averaged \$28.47. Factor in the costs of shared branching and user households still average a significantly higher profit of \$73.17.
- While 30 percent of *overall* households are profitable, 38 percent of *shared branch* user households are profitable.
- Shared branching can be considered a profit center for acquiring institutions (those that welcome guest members into their own branches). Based on study findings, shared branch net income totals nearly \$23,000 per credit union annually.
- Deposits are the most common shared branching transaction type, and average \$784 per transaction.

- Transfers and loan payments are significant in shared branching as well – LOC advances or loan disbursements on average are \$2,454 per transaction.
- With 13 percent of transactions happening after 5 p.m., extended hours continue to be important to shared branch users.
- Members of credit unions in the study used 428 different locations.

“Many credit unions are already aware of the benefits of shared branching. But as organizations look to cut costs during these tough times, this study shows that shared branching has never been more important,” said Carroll Beach, President/COO of CO-OP Shared Branching. “Not only is shared branching an economically sound way to preserve high-quality member service standards, but it also helps credit unions reach the level of profitability they are striving to achieve.”

### **About Raddon Financial Group**

RFG, a strategic business unit of Open Solutions Inc., has been providing research-based solutions exclusively to the financial services industry since 1983. RFG offers a unique blend of strategic analysis, industry expertise and consulting solutions to help financial institutions gain a competitive advantage, improve performance and achieve sustainable growth. For more information about RFG, contact Dan McGowan by email at [dmcgowan@raddon.com](mailto:dmcgowan@raddon.com) or by phone at 800.827.3500. Visit RFG online at [www.raddon.com](http://www.raddon.com). Read the latest articles by RFG’s analysts and consultants at <http://www.theraddonreport.com>

### **About CO-OP Shared Branching**

Credit Union Service Corporation and the shared branching arm of CO-OP Financial Services combined recently to form CO-OP Shared Branching, the credit union movement's largest shared branching network representing 70 percent of all national locations and 80 percent of credit unions participating in shared branching. CO-OP Shared Branching is the only shared branching network representing credit unions, leagues, CUSOs, CUNA and CUNA Mutual. Through our innovative Next Generation Network (NGN), credit unions can better compete with banks by providing members thousands of convenient locations and extended service hours. NGN offers credit unions lower cost, enhanced transaction functionality, and greater information capacity, revolutionizing the way credit unions deliver shared branching to their members.

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