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Consumer Perceptions are Greatest Threat to Credit Union Growth

Industry Survey Reveals Challenges, Successes Within Credit Union Movement

TALLAHASSEE, Fla. – April 13, 2010 – Approximately 77 percent of polled credit union leaders cited consumer misunderstanding of credit union benefits over banks as the greatest challenge in attracting new members, an increase of 10 percent over last year when 67 percent of credit union leaders cited this as the greatest challenge (reference Figure #1).

While consumer misunderstanding is the greatest challenge affecting growth in credit union membership, attracting new members is the second greatest overall concern of credit union leaders. Nearly three-quarters, or approximately 70 percent, of those polled cited the current economic climate and NCUA assessments as two of the greatest challenges facing credit unions today, an 11 percent increase over last year.

Figure #1

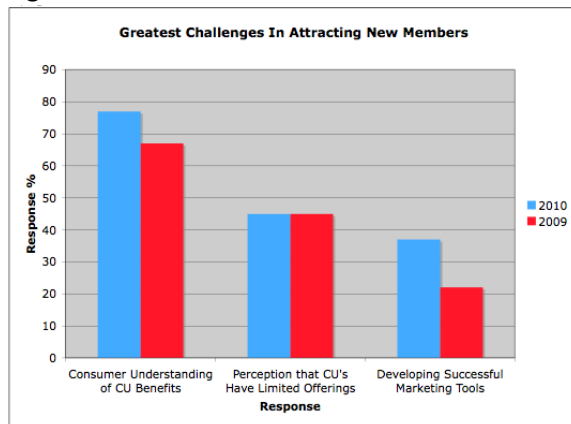
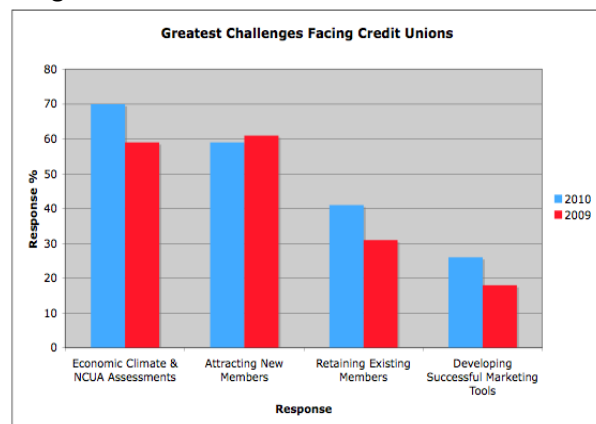


Figure #2



“An economic cloud still hovers over our nation’s credit unions, as evidenced by credit union leaders’ concern about attracting new members having decreased by only two percent since last year,” said Jim Park, president and CEO of Credit Union 24, a leading credit union service organization (CUSO).

starts to rebound. Credit unions are being cautious yet proactive, and are taking advantage of the potential member-recruitment opportunities created by the capsize of numerous banks.”

In 2009, approximately 61 percent of polled credit union leaders cited attracting new members as their greatest challenge, while 59 percent of those polled cited the economic climate as their greatest challenge.

Despite the challenge in attracting new members, 56 percent of credit union leaders cited that their credit union’s membership has increased since 2009 (reference Figure #3), with 41 percent of credit union leaders citing the downfall of failing banks as a major factor in increasing their membership. Approximately half, or 51 percent, of respondents believe that better customer service is credit unions’ strongest competitive advantage over banks, compared to 22 percent citing lower interest rates on loan products as their strongest competitive advantage (reference Figure #4).

Figure #3

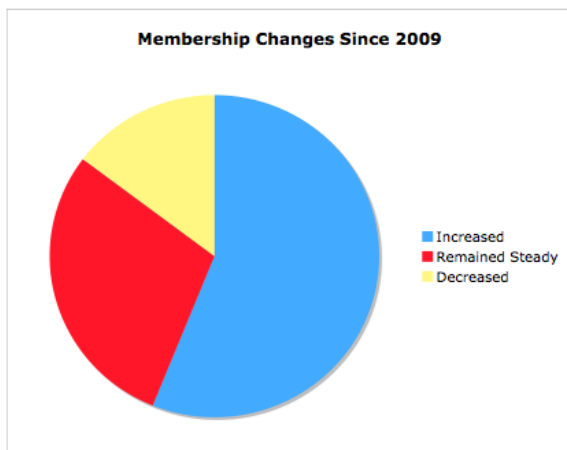
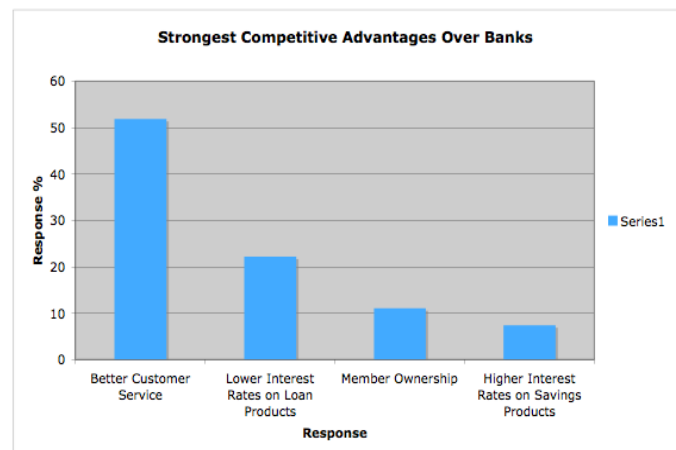


Figure #4



“Even though credit unions are still experiencing challenges in educating consumers of credit union benefits over banks, the volatility of our economy is changing consumer behaviors, many of which are in favor of credit unions,” said Park. “Many credit unions are finding unique ways to remind consumers that fall within their charter’s target audience of the benefits they provide to consumers. These methods of member outreach, which include marketing competitive interest rates on savings and loan products, can be implemented by nearly every credit union and have a positive impact the industry overall.”

Member behavior has evolved since 2009 as well, with 63 percent of respondents citing that their members’ use of point-of-sale (POS) has increased since 2009. Thirty-seven (37) percent of respondents cited that POS usage has remained steady since 2009, and zero percent of respondents cited that POS use has decreased among their membership (reference Figure #5). Utilization of POS for cash-back among credit unions members is also on the incline, with a large majority (89 percent) of credit union leaders citing that up to 40 percent of their membership utilizes POS for cash-back. Yet while POS usage is increasing, ATM usage appears to be gradually slowing down, with seven (7) percent of credit union leaders citing that their members’ use of ATMs has decreased since 2009. Only 50 percent cited an increase in ATM usage over 2009 (reference Figure #6).

Figure #5

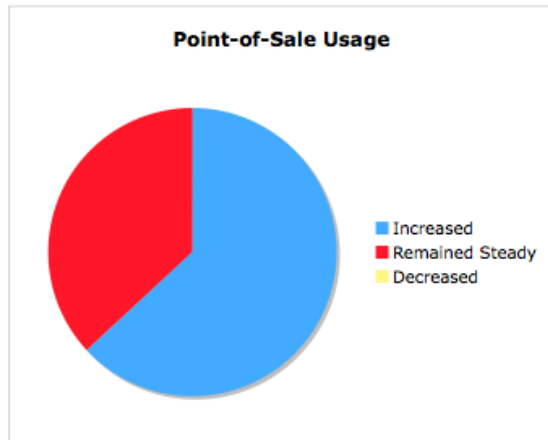
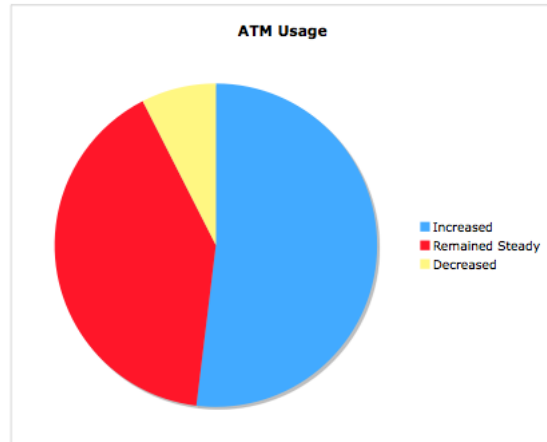


Figure #6



“Member behavior directly influences the balance of income and expense, and credit unions have become more effective at driving members to utilize financial products and services that provide increased revenue,” said Park. “POS and cash-back at the POS serve a similar purpose as ATMs, yet they serve as an income generator for credit unions and can be more functional to members by allowing them to automatically track their expenditures. Educating credit union members about the value of using POS can positively influence a credit union’s bottom line – and it seems that credit unions are doing just that.”

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About Credit Union 24, Inc.

Credit Union 24 is a flexible, member-owned, full-service, deposit-taking ATM and POS network with multiple processor links, hundreds of thousands of POS locations at national retailers and local merchants, and more than 100,000 ATM terminals across the country. Credit Union 24’s CU HERE surcharge-free programs combine to create the largest surcharge-free ATM presence in the country. Headquartered in Tallahassee, Fla., the Credit Union 24® Network is a strong, growing and independent EFT cooperative and is the largest credit union-owned ATM and POS network in the U.S. For more information about Credit Union 24, please visit www.cu24.com.

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