



The Association of Vermont Credit Unions (AVCU) provides advocacy representation and resources on legislative and regulatory issues at both state and federal levels. It also provides training, professional development, compliance assistance and varied back-office services to assist credit unions in meeting the needs of their members and communities.

Credit Union 101

Credit unions are cooperatives, where everyone who is a **member is an owner**. They provide typical financial services used by most consumers, such as savings accounts, consumer loans, credit and debit cards and other financial services.

Credit unions are chartered under state or federal law, and member deposits are always **federally insured** in the same way and same level at other types of banking institutions. Each credit union is approved by its regulator to serve a defined field of membership, whether that be where members live or work within a defined area, employees of one or more entities, people within a particular profession, etc.

Credit unions are financial democracies. Every member has an equal vote, no matter how much money they have on deposit. The Board of Directors are members of the credit union, elected by their fellow members. Credit union board members belong to the credit union and are volunteers.

Unlike for-profit financial institutions typically owned by shareholders, after amounts required by law to be set aside for safety and soundness, credit union **members share in surplus funds** being returned to them in the form of better rates, lower fees, and enhanced services.

As a benefit of the cooperative member-owned structure of credit unions, they are incented to place a high priority on the **financial well-being of members** and the communities in which they live. This contrasts with other forms of financial institution where profits must be generated to benefit outside investors or shareholders.

Since **profits are returned to members** in the form of rates and fees, those savings and loan rates, as well as fees, tend to be more favorable than institutions where profits must be generated for others.

About Vermont Credit Unions

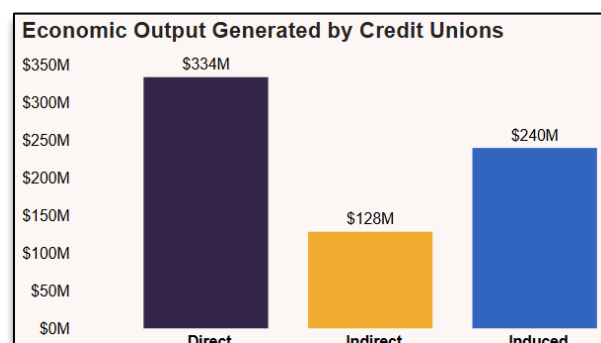
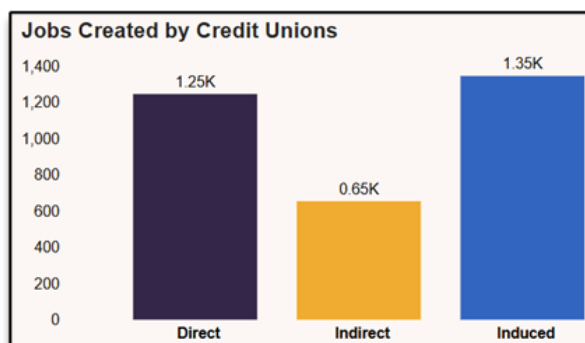
Over 2 out of every 3 Vermont residents, about 428,000, are members of a credit union. Some hold membership in multiple credit unions.

The first credit union in Vermont was chartered in **1935**. Today, there are **16 cooperative credit unions** domiciled in Vermont. They range in size from a \$600,000 single employee part-time operation . . . to the state's largest at over \$3 billion in assets with numerous locations and employees.

Credit unions are located throughout the state of Vermont at approximately **80 branch locations**. In addition, some credit unions participate in a **shared branching network** that, similar to an ATM network, allows members of one credit union to conduct limited types of transactions at another credit union's locations. This nationwide network has over 5,600 locations. Many Vermont credit unions also participate in a **surcharge-free ATM network** that provides members with over **30,000 ATMs** across the country.

Economic Contribution

As a result of their member-owned cooperative structure, Vermont credit unions contribute greatly to the state's economy. The credit union local not-for-profit nature positively impacts local economies by credit union employment and boosting output.



Financial Benefit

Advantageous rates and fees by not-for-profit cooperative credit unions not only benefit their member-owners, but create competitive pressures in the marketplace. That is, without credit unions there would be less incentive for other providers to improve the rates and fees they provide, thereby generating more profit for stockholders and investors.

In 2024, the **total benefit provided by Vermont credit unions to their 428,000 members was approximately \$102 million**. That's the difference between credit union rates and fees and those provided elsewhere.

Customers of non-credit unions, meanwhile, benefit from the marketplace pressure created by the existence of credit unions. In 2024 it is estimated that **non-members would have kept about \$40 million less in their pockets**.

In total, the past year's **total financial benefit** experienced by all Vermonters from credit unions was **\$142 million**.

Credit Union Legislative/Regulatory Priorities

Although credit unions already provide great financial benefit to members and their communities, more can be done as cited in the following priorities:

- **Protect the current tax treatment of credit unions** – Federal and state not-for-profit cooperative tax treatment is integral to credit unions' ability to focus on their mission of "people helping people" and advancing the communities in which they live.
- **Protect Consumer Data & Stop Liability Shift for Fraud** – We share concern about the increase of fraud on consumers and oppose credit unions being liable for fraud outside of their reasonable control. Everyone handling confidential consumer financial information should be held to the same standards with which financial institutions already have to follow.
- **Right-Sized & Appropriate Regulation** - Prevent arbitrary barriers to consumers and businesses that rely on credit unions. Rules and laws affecting credit unions should not be duplicative, conflicting with those to which credit unions are already subject. Nor should new rules or regulations add undue burden that potentially impacts credit union service to members.

By The Numbers . . .

Credit unions provide pathways to financial stability, including financial counseling, credit building, and opportunities to obtain affordable loans.

- Consumers who finance auto purchases at credit unions save as much as \$11,000 over the life of a typical 72-month auto loan (Equifax Analytic Dataset)
- Deep subprime auto borrowers financing at a credit union save more than \$10,000 during the typical 72-month auto loan (CFPB Consumer Credit Card Market Report)
- Mortgage borrowers who finance at credit unions save as much as \$35,000 over the life of a typical 30-year mortgage (Mid-year 2023 Equifax data analysis)
- 79% of credit unions offer secured credit card programs to help members build credit (CUNA interchange study 2022)
- 69% of credit unions offer free financial literacy and credit counseling to members (CUNA interchange study 2022)
- Credit union members are 1.4 times more likely than non-members to get personalized financial counseling. (FredericksPolls 2023)
- Credit union members are 1.2 times more likely than non-members to have a modest “rainy day” fund to cover unexpected expenses. (FredericksPolls 2023)
- 89% of members say their credit union has improved their financial well-being (FredericksPolls 2023)
- 87% say it is easy to get a loan, versus 68% of non-members (FredericksPolls 2023)
- 90% of members report positive experiences obtaining low-cost loans, versus 69% of non-members (FredericksPolls 2023)