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Georgia CUs score solidly in national ranking

Financial Quarterly: Credit Unions

Premium content from Atlanta Business Chronicle by Martin Sinderman, Contributing Writer

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Georgia's credit unions were about as healthy as their counterparts nationwide at the end of the first quarter, according to ratings recently released by an independent banking industry research firm.

Coral Gables, Fla.-based BauerFinancial Inc. reports that, as of March 31, 69.9 percent of Georgia's 153 federally insured credit unions (CUs) fell into its "Recommended" category, earning the firm's five-star "superior" or four-star "excellent" ratings. Some 7.2 percent were rated "troubled & problematic," with zero, one or two stars. The remaining portion of the state's CUs either earned 3 or 3.5-star "adequate" or "good" ratings, or had less than \$1.5 million in assets.

Nationally, 67.2 percent of credit unions made their way onto BauerFinancial's recommended list, with 5.2 percent rated as troubled/problematic. Nevada (26.1 percent) and Arizona (21.6 percent) were among the states with the highest percentages of troubled/problematic CUs; six states had no CUs in this category.

The BauerFinancial report is based on its analysis of financial operating data from the National Credit Union Administration (NCUA), the agency charged with regulating federally chartered (i.e., those with the word "federal" in their names, except in a few states) CUs. State-chartered credit unions are regulated within their respective states, although NCUA does have regulatory authority for those that are federally insured. Georgia-chartered CUs are overseen by the Georgia Department of Banking and Finance.

Better off than banks

Like the banking industry, credit unions have had an increasingly tough environment in which to operate since the financial meltdown of 2008, according to [Karen Dorway](#), president and director of research for BauerFinancial.

"What we have seen, though, is that while the credit unions have certainly had some challenges to profitability, they do not seem to have the same level of non-performing assets/delinquent loans that the banks have had to deal with," she said.

CUs are also not being closed down by regulators at the same pace as banks. NCUA regulators have closed down 32 failed CUs since the beginning of 2009 — none of them in Georgia. By comparison, some 65 banks in Georgia alone have been closed by regulators since the 2008 meltdown.

Conservative lending practices during the now-burst housing bubble — including income verification, down payment requirements, and higher appraisal standards — helped CUs avoid the problems now faced by many banks, notes [Mike Mercer](#), president and CEO of Georgia Credit Union Affiliates (GCUA), the state's credit union trade association.

And that, coupled with their locally oriented/member-owned-and-run business model, and a general post-meltdown distrust of big banking, helps make CUs more attractive to consumers these days.

"Banks are universally known, but they also have a difficult reputation to overcome," Mercer said, "while credit unions have a great reputation, but they are not as widely known."

"Our challenge now is to reach out, let people know we exist, and tell them what we can do for them — and we are very confident that once they start doing business with a credit union, they will love it," he added.

Georgia CU membership grew by 2.3 percent in 2010, according to a recent report from GCUA, more than double the 0.9 percent in 2009.

Total assets at CUs statewide grew by 2.7 percent, to \$16.6 billion, during 2010.

"Business has definitely picked up," said [Greg Connor](#), executive vice president at **Associated Credit Union** in Norcross.

This CU, rated as superior/five stars by BauerFinancial, is experiencing large increases in its automobile financing business, "which is historically the bread-and-butter of credit union lending," he said.

Meanwhile, thanks to low interest rates, the mortgage refinancing side of the business had been brisk, he reports, while pre-approvals for purchases are up some 50 percent over this time last year.

Applications for small-business loans are also up, and "we are up more than 200 percent in credit card applications and approvals over this time a year ago."

The outlook for CUs is bright, Connor added.

Five stars

(Some Atlanta credit unions with five-star ratings for financial stability)

Associated Credit Union

Atlanta Postal Credit Union

Coweta Cities & County Employees FCU

Credit Union Of Atlanta

Delta Community Credit Union

Fulton Teachers Credit Union

GDC Federal Credit Union

GEMC Federal Credit Union

Genuine Parts Credit Union

Georgia Florida United Methodist FCU

Georgia United Credit Union

Georgia's Own Credit Union

Human Services Employees' Credit Union

LGE Community Credit Union

Mead Employees' Credit Union

MembersFirst Credit Union

Northside Federal Credit Union

Piedmont Hospital Federal Credit Union

Platinum Federal Credit Union

Powerco Federal Credit Union

Southern Federal Credit Union

State Employees Credit Union

Source: BauerFinancial Inc.