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Rebounding economy has members feeling confident

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Staff Atlanta Business Chronicle

As the Great Recession rattled Georgia's economy at levels not seen since the Great Depression, the state's credit unions hunkered down and held fast.

Now, they're growing again, boosted by their members who are feeling more confident in their own personal finances.

"In the last couple of years, where the consumer confidence has increased and they are out again to purchase new cars, new homes and new businesses, they are looking up to their credit unions to finance those purchases and fulfill that need," said [Kabir Laiwalla](#), CEO of Atlanta-based Platinum Federal Credit Union. Loan growth is higher than it has been since 2007, he said.

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"We hope that the loan growth continues to stay stable for years to come indicating higher consumer confidence as well as a stabilizing overall U.S. economy," he said.

Platinum Federal was seeing loan growth of 10 percent to 15 percent in 2007. With the economy now back on track, the credit union is seeing loan growth of 7 percent and 8 percent. "And this time it is not unique to only few credit unions," Laiwalla said. "This trend is being observed nationwide."

For the year ending in March, credit union loans increased 10.8 percent nationwide, the fastest annual increase since 2000, said [Mike Schenk](#), vice president of economics and statistics for **Credit Union National Association** (CUNA).

"This is a clear indication that credit union members are confident and that recent labor market improvements are translating to higher incomes and a greater willingness to spend," he said.

"Despite generally weak first quarter economic results, credit union loans grew at healthy rates (nationally)," Schenk said. "The first quarter is usually relatively weak for loan growth because consumers tend to be focused on paying down holiday debts. The quarterly 1.4 percent gain in loans (at credit unions) was slower than the 2.5 percent increase in the fourth quarter of 2014 but was a bit faster than the 1.3 percent increase in the year-ago period."

Schenk also pointed out several other positive signs in the national data, including:

New vehicle lending saw a 3.5 percent increase in the first quarter and used auto and business lending increased more than 2 percent each.

Savings accounts at credit unions rose 3.6 percent in the first quarter. Annualized return on assets rose 0.78 percent. Delinquencies fell from 0.85 percent for year-end 2014 to 0.69 percent in the first quarter. Capital ratios are close to all-time highs at 10.8 percent for the first quarter.

"Our members are much more confident in the economy now than they were in last several years," Laiwalla said. "We have seen an uptick in all activities, especially new business account openings which shows that members are willing to take chances and open new accounts as well as switch jobs for higher paying opportunities."

Loan delinquency rates are lower now than they were in 2007, according to Laiwalla.

The loan delinquency figures are particularly pleasing for [Kevin Hagler](#), commissioner of the Georgia Department of Banking and Finance.

"As a regulator, continued improvement in credit union capital ratios combined with improving trends in the level of problem loans are a particularly important pair of measures to monitor," said Hagler.

With members feeling more confident, credit unions are growing. Membership and total assets have nearly doubled in the last 10 years, Hagler said.