

Press Release

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Credit Unions grow credit card loans, unused lines to \$108 billion, while Banks cut credit card lines by \$1 trillion

Washington, D.C. – When it comes to credit card programs, credit unions are stepping up while banks are stepping back.

That was one key message during Callahan & Associates' complimentary Webinar, "Trendwatch 3Q 2009." Data from third quarter shows credit unions' outstanding credit card loans at \$33.8 billion and unused credit card lines at \$74.4 billion, while lines at FDIC-insured institutions fell by \$1 trillion over the past 12 months.

To illustrate the opportunity credit cards programs are providing credit unions, Kevin Marvel, Marketing Director from APL Federal Credit Union (Laurel, MD), participated in the Webinar, sharing his organization's success story with a basic credit card product. By offering a simple card, with no fees attached and the same, low interest rate of 7.5 percent to everyone, APL FCU saw its card program grow by three times – both in new accounts opened and outstanding balances. And Marvel used the Credit Card Act as a communication opportunity to show members why APL's card was better.

"We took advantage of consumers' anger with other card providers," said Marvel. "We provided a no-frills approach, and educated members on the new Card Act, clearly explaining the implications and how they would not impact a credit card from APL."

The Webinar featured speakers from Callahan & Associates and Goldman Sachs, and examined credit unions' performance, provided an outlook for the future and discussed growth opportunities for the industry. One key message that caught everyone's attention: Goldman Sachs' economic outlook projects the Federal Reserve to keep the targeted fed funds rate flat through the end of 2011 – 12 months longer than its earlier forecast.

Throughout the call, a recurring theme centered on the resilience and stability of the credit union system during our nation's worst economic downturn since the Great Depression. Credit unions continue to benefit from consumers' confidence in them and are seeing growth in many areas – liquidity up \$7 billion from last year, and all share categories posting higher growth in 2009. One final message shared – a lesson reiterated by NCUA's Nov. 19 board meeting, where \$8 billion in spending was recommended – was the critical need to review regulatory policy to align with the cooperative model and national policy priorities.

Another chance to hear the commentary

A second complimentary Webinar is scheduled tomorrow, Dec. 3 at 11:30 a.m. EST. During the live broadcast, Chip Filson and Jay Johnson from Callahan will join John Olivo from Goldman

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Sachs in sharing their insights on the past and future economy, as well as key trends among credit unions. To register, visit <http://www.creditunions.com/cutv/scheduledweb.aspx> or call Zach Fajen at (800) 446-7453. The event will also be made available on Callahan and Associates' CUtv 48 hours after the event. It can be accessed through www.creditunions.com.

Callahan & Associates has been at the forefront of credit union issues for more than two decades. The Washington, D.C.-based firm provides timely insights, fresh data, and supporting tools to help credit unions provide their members benefits that cannot be found elsewhere. For more information, visit www.callahan.com or call 800-446-7453.

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