

Monday, January 19, 2009

Credit Unions may help automakers add billions in sales, put 4 million new cars on the road

Pewaukee, Wis. - As part of a program called "Invest in America" GM and Chrysler LLC are pointing to credit unions – not-for-profit financial institutions owned by their members – to make as much as \$80 billion available for low-cost loans on new cars. Even prior to its arrival in Wisconsin, the program has generated more than a million hits in just one month on its website and is expected to put up to 4 million new cars on the road.

As part of "Invest in America", which runs through June 30, 2009, 90 million credit union members nationwide - including 2.2 million in Wisconsin – can access GM's Credit Union Member Discount Program and Chrysler's Credit Union Member Cash discounts as well as affordable financing on new vehicle purchases. GM offers GM supplier price discounts while Chrysler is offering rebates of \$500 or \$1,000 on eligible vehicles. The program was piloted in a handful of states but expanded nationwide to expose more consumers to affordable financing options. Non-members can join a credit union to access the discounts.

"Credit union members can feel good knowing they're saving money through these offers, but also because they're helping to reinvigorate the auto industry – a vital part of the U.S. economy," says League President and CEO Brett Thompson. He says auto lending has always been credit unions' "bread and butter."

"America's credit unions have billions to lend. They began in the United States during the Great Depression and they seem to come into vogue when times are toughest," Thompson adds. He says not-for-profit credit unions weathered the economic downturn better than many for-profit lenders because their being owned by members, instead of profit-seeking stockholders kept them to sensible lending practices. As a result, credit unions are financially strong and ready to lend while other institutions have restricted credit.

"In a down economy, more people are looking at used cars or simply not buying," Thompson says. "So credit unions – which don't chase profits – provide an obvious solution to helping people opt for a new vehicle simple, because the rates credit unions can offer will give consumers more car for their money."

Typically, credit unions' rates are lower than banks. According to Datatrac, a survey firm that tracks auto loan rates, Wisconsin credit unions' 48-month new car loan average is 5.93 percent vs. 7.05 percent at a bank

Nationwide, credit unions have as much as \$164 billion in available liquidity, roughly half of which is being considered a "reasonable estimate" for use in auto lending. The projected 4 million in new car sales assumes a cost estimate of around \$20,000 per vehicle.

Visit www.lovemycreditunion.org to find a credit union and/or evaluate which program may be most suitable.

Credit unions are cooperative financial institutions that are owned by their members and do not have stockholders. Because they are not-for-profit, they return earnings to members in the form of more competitive rates of return on accounts, lower interest on loans, lower fees and improved services. Around 2.2 million Wisconsin residents belong to credit unions, of which nearly half are open to the local community. People can find a credit union by looking in the phone book or by visiting www.lovemycreditunion.org.