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Credit union consolidations reflect trend

A National Credit Union economist says statewide merger activity is in line with what's happening nationwide

Maria Hoover
Features Editor

Two mergers announced within a month this summer are among recent changes taking place for Ozarks credit unions.

In late July, CU Community Credit Union – an institution with assets of \$76 million and 6,400 members, according to Springfield Business Journal list research – revealed its plans to merge with Southwest Missouri Credit Union, which would add \$11 million in assets and 3,700 members.

Just weeks later, in mid-August, BluCurrent Credit Union announced plans to merge its assets of \$140 million and roughly 20,000 members with Greater Ozarks Community Credit Union's \$5.3 million in assets and about 2,200 members.

The BluCurrent/Greater Ozarks merger already has been approved by the Missouri Division of Credit Unions and the National Credit Union Administration, while approval is pending for the CU Community/Southwest Missouri merger.

NCUA Chief Economist John Worth classified the BluCurrent/Greater Ozarks merger as a prototypical industry scenario where a smaller institution aligns itself with a much larger entity.

“When we look at the data for the last 10 years, we see about 75 percent of the acquired credit unions have assets of less than \$10 million, and another roughly 15 [percent] to 20 percent have assets between \$10 million and \$100 million,” Worth said.

Worth said the timing of the two local mergers is consistent with national activity among credit unions.

“We actually don’t see the rate of



DeAnna Harris serves as branch manager for BluCurrent Credit Union at the former Greater Ozarks Community Credit Union building, 2363 W. Division St. She will continue to lead the branch when it moves to 1607 W. Kearney St., below, the former home of Great Southern Bank.



Southwest Missouri Mergers

Between late July and mid-August, two mergers involving four Springfield credit unions were announced. Here's a breakdown of the institutions involved:

BluCurrent/Greater Ozarks Community		
Name	BluCurrent	Greater Ozarks Community Credit Union
Assets ¹	\$140 million	\$5.3 million
2011 Deposits	\$123 million	\$4.6 million ¹
Branches	4	1
Membership	20,000	2,200

CU Community/Southwest Missouri*		
Name	CU Community Credit Union	Southwest Missouri Credit Union
Assets ²	\$76 million	\$11 million
2011 Deposits	\$60.3 million	N/A
Branches	2	2
Membership	6,400	3,700

* Pending regulatory approval
1 - As of Aug. 17.
2 - As of July 30.



John Worth: The number of U.S. credit unions drops by about 3 percent each year.

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consolidation really picking up or slowing down. It's actually been surprisingly constant in the last 10 years," Worth said. "The number of credit unions declines by about 3 percent each year, and ...about 90 percent of those are due to mergers."



Craig Tabor: Greater Ozarks account conversion to BluCurrent is under way.

On a statewide level, merger activity is in line with national trends, as the number of Missouri credit unions has dropped by about 3 percent a year, or about 19 percent, since 2007, Worth said.

Merger movement

The ability to deliver a wide range of services seems to be a national driver of consolidation, Worth said, and that sentiment is echoed by local credit union officials.

"Since the end of 2000, the credit unions that have been acquired, less than 50 percent of them actually offered checking accounts. Less than one-third of them offered credit cards, and less than half of them had real estate loans, and the acquirers, 97 percent of them had checking accounts, 80 percent offered credit cards and 95 percent of them had real estate loans," Worth said.

Citing pending regulatory approval of the merger, officials with CU Community Credit Union declined to comment for this story. In July, when its merger plans were announced, Southwest Missouri Credit Union President Gene Donley pointed to heavy compliance burdens, shrinking margins, increased competition and a lack of funding for marketing as factors leading to the merger, after which Donley is set to become vice president with CU Community Credit Union. Southwest Missouri Credit Union board members would join the CU Community board.

Officials have said approval of the merger and integration of the membership is expected to be completed by December.

For BluCurrent, the consolidation gives Greater Ozarks Community Credit Union customers access to four additional branches as well as a branch shared with other credit unions in Branson, said BluCurrent Executive Vice President Craig Tabor.

"That's a huge service increase from a convenience perspective," Tabor said.

The merger is allowing BluCurrent to add a fifth branch, Tabor said. For now, BluCurrent employees are operating Greater Ozarks Community's lone branch at 2363 W. Division St. while the two employees who formerly worked there complete training at BluCurrent's main branch at 1770 W. Sunset St. Tabor said the Greater Ozarks Community Credit Union Board of Directors was essentially dissolved as a result of the merger.

Eventually, the Division Street facility will be closed – and the property will most likely be sold, Tabor said – and BluCurrent will open at 1607 W. Kearney St., in a former Great Southern Bank location. BluCurrent spokeswoman Jenny Reynolds said the bidding process is under way for renovations at that location, and officials expect it to open later this year.

"We were able to actually take a lot of the operating costs, if you want to call it that, from this small credit union and put it into that new facility. It's going to be an even more convenient location for the membership of that credit union, plus our members and any new members who come in," Tabor said, noting that account conversion is under way with plans for completion by Sept. 30.

Worth said NCUA's office of consumer protection is charged with approving mergers, and the primary factor considered is that the field of memberships meet the legal definitions for what types of memberships can be combined, making sure mergers would be in members' best interests.

While Tabor said BluCurrent is open to additional mergers, the institution would only move forward in cases when consolidation isn't financially detrimental.

"It's not for the purpose, for lack of better terms, to be like a Pac-Man mentality where we're trying to take over whatever we can," Tabor said. "That's not the objective. The objective is to try to help the memberships of these other credit unions."

Nonmerger-related growth

The assets of a credit union don't strictly determine its fate, as Worth noted there are still more than 2,400 credit unions with less than \$10 million in assets nationwide.

"That model can work, but it has to be filling a niche in terms of the products or the field of membership," Worth said.

Other methods of growth, at least for local credit unions, include service and facility expansion.

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Wednesday, July 17, 2013

No events scheduled for today.

For example, Foundation Credit Union – formerly Springfield Teachers Credit Union – opened a 3,400-square-foot standalone location at 1726 W. Elfindale St. on July 30. With assets of more than \$67 million, the 80-year-old credit union had previously always been housed in space leased from Springfield Public Schools. According to President Sammie Hermann, the move enabled Foundation Credit Union – which historically functioned as only a savings and loan institution – to add checking, debit cards and safe-deposit boxes.

TelComm Credit Union also is undergoing physical expansion, with construction of its sixth Springfield area branch nearing completion at 1750 E. Republic Road.

TelComm, which reported 2011 assets of \$101 million, purchased a former Git-n-Go convenience store from Jared Enterprises about a year ago for an undisclosed amount and renovations are under way, with completion slated for October. TelComm officials have said the location was chosen based on the number of current members who live in the area and anticipated growth potential.

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