

## SPECIAL REPORT: FINANCE

# San Diego Credit Unions See Record Numbers in Deposits

## Area Firms Grow Assets and Memberships

■ By FRED GRIER

The global pandemic created unexpected opportunity and challenges for the financial industry.

Many credit unions based in San Diego experienced a record surge in lending and uptick in membership in the last quarter of 2020. Other challenges credit unions faced included how to operate and grow in a post-pandemic world.

The **San Diego Business Journal** had a chance to discuss the biggest credit union trends in 2020-2021, the importance of building relationships with members and its biggest accomplishment.

### Record-High Deposits

The **California Credit Union League** reported record-high levels in 2020 seeing a 20% increase in total deposits to \$19.4 billion, compared with the same period in 2019.

The league reported a 3% year-over-year increase in credit union membership, with total lending dropping 10% to \$13 billion.

Nationally, credit union membership has grown by more than 20% in the past five years, and 31% in the past 10, surging from 90.5 million in March 2009 to 118.6 million in March 2019, according to the **Credit Union Times**.

The organization attributes much of the rising business in those divisions due to federal stimulus and lower interest rates. California Union Leagues' spokesman **Matt Wrye** said the organization wasn't all that surprised by the substantial growth.

"The San Diego region will play an integral part in economic growth and consumer spending as the second quarter of 2021 kicks into gear," he said.

### Low Interest Rates

Several of the biggest credit unions in San Diego, reported notable growth in line with the Leagues' findings.

**San Diego County Credit Union** experienced significant overall growth in 2020. Total assets grew from \$8.47 billion at the end of 2019 to \$9.69 billion at the end of 2020, seeing 14% growth. Its assets are continuing to climb in 2021, and have now reached \$10.2 billion.

**Teresa Campbell**, president and chief executive at San Diego County Credit Union, has credited much of that growth to historically low interest rates on mortgages during the pandemic.

"We saw a similar trend in the growth in credit



**Teresa Campbell**  
CEO  
San Diego County  
Credit Union

unions following the financial crisis in 2008—It's a typical flight-to-safety response when there is uncertainty in the market. When consumers are unsure in times of crisis, they turn to federally insured instruments," said Campbell.

"With stay-at-home orders, closures of non-essential businesses and travel restrictions, consumers were spending less, which means saving more," she said.

Founded in 1961, **Mission Federal Credit Union** is the second-largest financial cooperative based in the region. In 2020, the credit union grew from \$4 billion to \$5 billion in a single year.

"We have seen growth across all categories, but our overall new real estate loans originated and funded in 2020 of over \$1 billion was amazing, and record-setting for us," said **Debra Schwartz**, president and CEO of **Mission Fed**. "Membership growth was spectacular, especially considering we were in a pandemic. Our savings growth is also impressive."

"We also had the ability to focus on our San Diego community. With the generosity of our members and the San Diego community, we raised and donated a total of \$680,342 for local non-profit organizations in 2020," she said. "This has been the proudest moment of my career."

President and CEO **Todd Lane** at **California Coast Credit Union**, the third-largest firm in the region, said the primary drivers behind the growth in deposits included three factors: federal stimulus payments, loan payment forbearance programs, and a general desire to build savings/checking to withstand a potential economic crisis.

"Large consumer purchases such as automobiles slowed significantly during 2020 as consumers were reluctant to take on new debt during the pandemic. Also, many consumers used available funds to pay off unsecured debt (credit card) and were reluctant to take on new debt," he said.

### Helping Members

At **USE Credit Union**, president and CEO **Jim Harris**, he noted the credit

union experienced a 18% increase for the entire year from a deposit growth standpoint, reaching close to \$116 million.

"We didn't see growth in membership in terms of new members, however we did see the account balances of our members expand significantly," said Harris. "As a financial institution, it's great to see a bigger proportion of customers' financial resources expand because that creates a relationship, loyalty, and 'stickiness,' which is good for both the short-term and long-term perspective."

**USE Credit Union** also provided \$2 billion worth of loan forbearances on the mortgage side, and \$10.5 million in consumer loans to its members.

"We provided over \$500,000 in emergency loans and fee waivers and granted \$30,000 in fee waivers each week," he said. "This year, we're seeing 99% of those loans being paid back. It speaks to the soundness of our members and I'm proud of the USE team for doing what needed to be done in such a short time frame."

**Pacific Marine Credit Union**, which historically drew members from the Marines, rebranded in 2018 as **Frontwave Credit Union**, with the explicit purpose of pointing out that they no longer serve a limited audience.

President and CEO **Bill Birnie** of **Frontwave Credit Union**, said the credit union saw a 25% increase in deposits, reaching \$191 million in total, with roughly \$58 million coming in during the month of April last year.

He also noted the firm is up over 10% in the first quarter of this year due to the second wave of the federal stimulus.

"We're not a small business lender but we did participate in the Paycheck Protection Program, which was great for us," said Birnie. "We observed the way the banks were handling it and we did it differently and better. Moving forward, we believe we will earn more local business accounts as their frustration with banks continues to grow."

Founded in 1934, **Wheelhouse Credit Union**, is the second-oldest credit union



**Jim Harris**  
President and CEO  
USE Credit Union



**Debra Schwartz**  
CEO  
Mission Federal  
Credit Union



**Todd Lane**  
President and CEO  
California Coast  
Credit Union



**Bill Birnie**  
CEO  
Frontwave  
Credit Union



**David Brooke**  
President and CEO  
MyPoint  
Credit Union

in the region and was started by City of San Diego employees.

President and CEO **Lisa Paul-Hill**, noted its deposits grew substantially in 2020 crediting the government stimulus as well as "flight-to-safety response" due to the uncertainty in the market.

"There was so much unknown during the pandemic year. People remembered what happened during the Great Recession, causing them to prioritize saving over borrowing money," she said. "We immediately jumped into the SBA Paycheck Protection Program, which allowed our loan growth to increase."

"Although there was a decline in overall loan growth, which the California Credit Union League reported, we saw the complete opposite—we rose 2%," she said. "Our total deposits also increased by 13% and membership grew 5%."

**Cabrillo Credit Union** Interim CEO **Pete Sainato**, said it gave back \$2.5 million in member benefits in 2020, adding that the credit union also saw significant asset growth this past year.

### Booming Housing Market

Along with historic low rates, there has been a real estate boom in San Diego with many wanting to upgrade their living situations.

**MyPoint Credit Union** President and CEO **David Brooke**, said the local credit union has experienced its largest growth in two areas—real estate lending and commercial real estate lending.

"Borrowers have taken advantage of this low interest rate environment to refinance their homes and commercial real estate properties to significantly reduce their payments," he said. "In the last month, we have also experienced a spike in business deposit accounts as entrepreneurs are starting up new businesses as the pandemic begins to wind down."

**MyPoint** has also implemented a streamlined payment deferral program allowing the credit union to grow and strengthen the relationship with its members.

"When the pandemic began, we quickly implemented a streamlined payment deferral program to help our members in need. As a result, we provided over 600 payment deferrals on loan balances of over \$32 million," said Brooke. "We are proud of the way we conducted business during the pandemic."

The pandemic has also accelerated the adoption of credit unions' remote delivery services. For example, MyPoint rolled out its Person-to-Person Zelle payment product and its usage grew quickly.

More members are using mobile banking, including the chat feature that allows them to securely converse with a contact center staff from the convenience of their home, said Brooke.

"The average age of a member at Frontwave is 34, which is 20 years below the industry average," said Frontwave CEO Birnie. "This past month, we passed the 2 million monthly-login mark for online and mobile, moving \$90 million in a single month."

"Offering digital solutions is really important to us," he said.

Mission Fed's Schwartz said, expanding its digital and online options for members was another key driver for the growth, adding that members value its focus, communication, and the ability to keep their money secure.

### 2021 Outlook

In 2021, credit unions are still seeing an influx in deposits, largely due to the latest round of stimulus payments.

California Coast's Lane said he believes membership growth is and will continue to be brisk as credit unions helped members improve their financial health.

"Credit unions reduced and eliminated many consumer fees during the pandemic, offered no-interest or low interest emergency loans to both members and small businesses, provided loan payment forbearance and many other things around helping credit union members during the crisis," said Lane.

"Unlike some financial service providers, we do the right things by our members and the community without having to be directed to do so by our governor or others," he said.

Other local industry leaders predict the deposit growth will slightly decline after the California economy opens up fully after June 15.

"I don't think the record growth will continue throughout all of 2021, but we've certainly seen the benefit," said USE's Harris.

Post-pandemic, Wheelhouse's Paul-Hill expects there will be more flexibility for working parents and long-haul commuters, creating a new standard for the traditional in-person industry.

"The ability to have that hybrid work environment will be attractive to the workforce as more people realize that some employees are more productive working from home, while others thrive in a collaborative work environment," she said. "Being able to provide both options will be a win-win for our employees."

"One of the many things that I admire about Cabrillo, is that it has always been a strong community credit union," said Cabrillo's Sainato. "Looking forward, I expect credit unions will be more relevant today than they were before the pandemic, they stepped up and assisted the community when times were difficult." ■



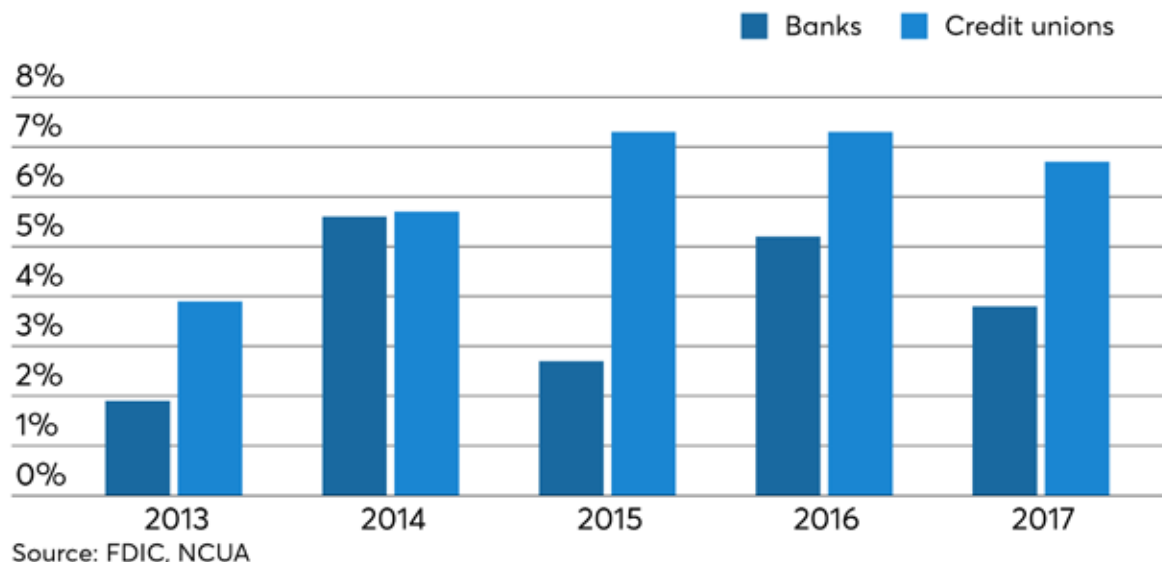
**Pete Sainato**  
Interim CEO  
Cabrillo Credit Union



**Lisa Paul-Hill**  
President and CEO  
Wheelhouse Credit Union

## Growth spurt

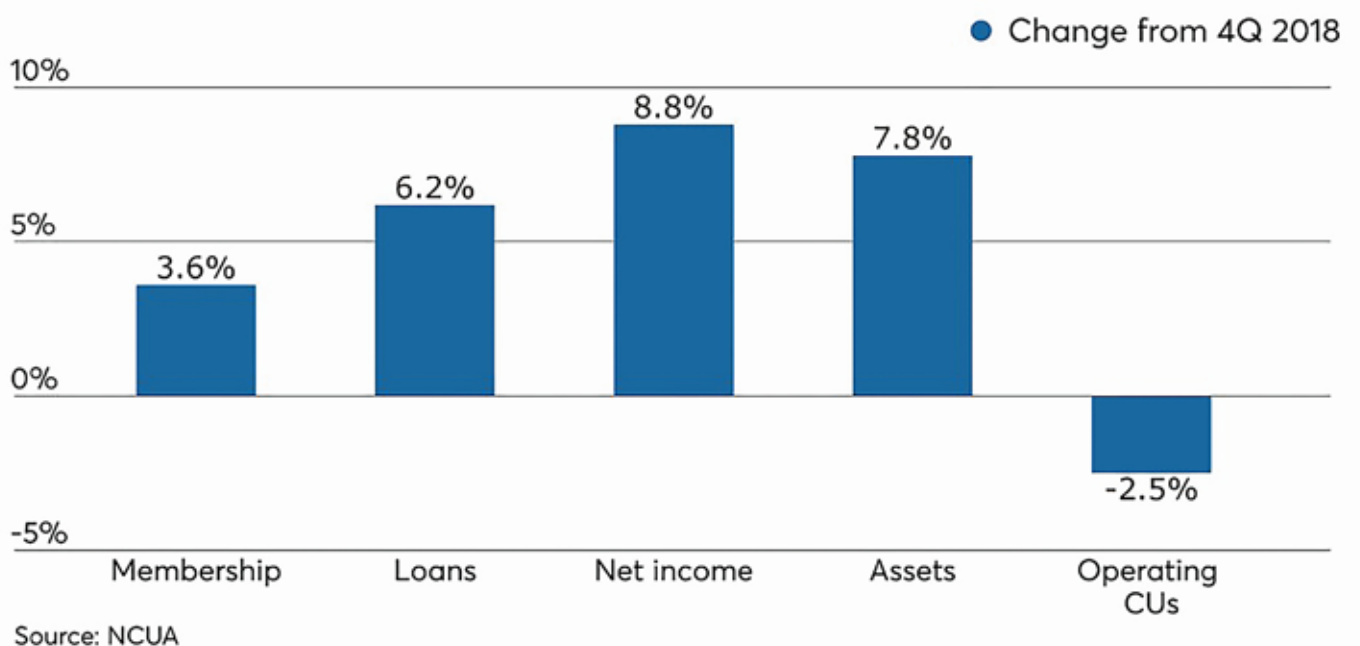
Asset growth at credit unions has outpaced that of their much larger bank rivals in four of the last five years. This chart shows the percentage increase in assets from the previous year



Charts courtesy of Credit Union Journal.

Credit Unions have outpaced their bank rivals continuing to grow assets at a faster rate.

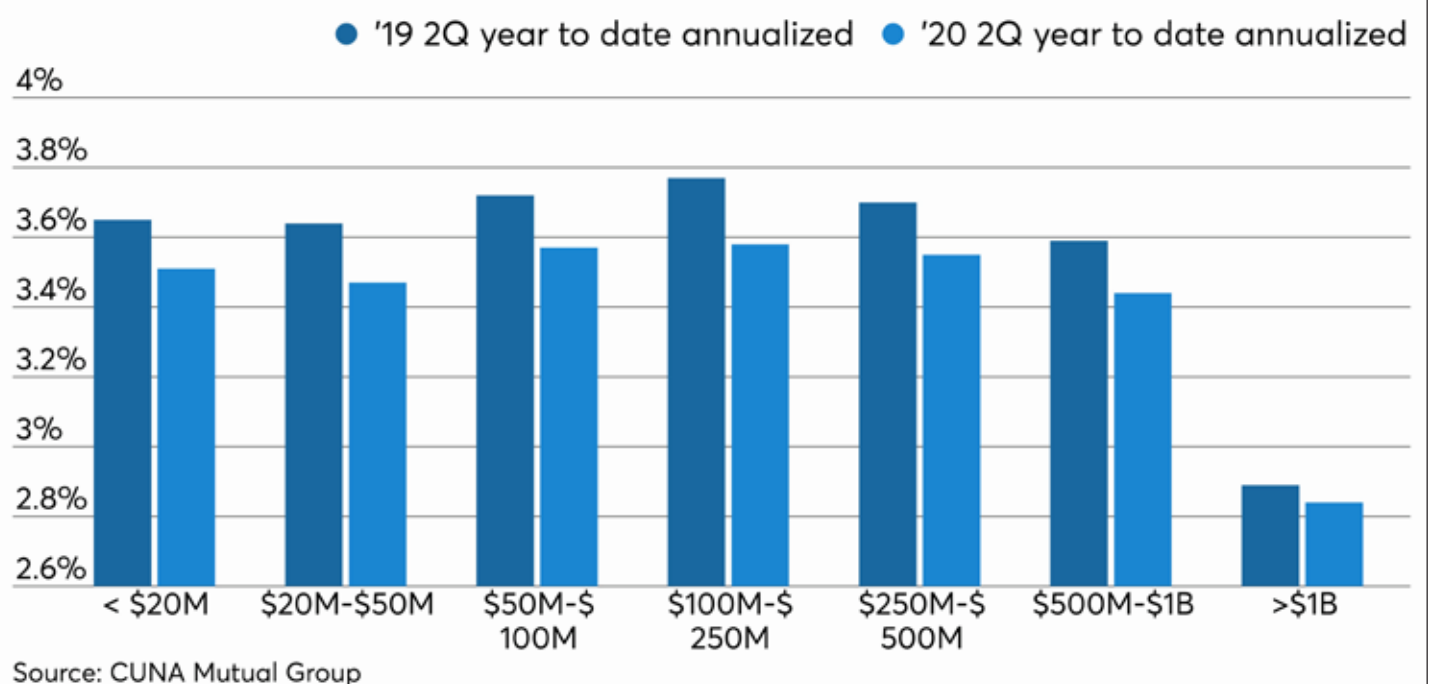
## 2019's key credit union metrics



Charts courtesy of Credit Union Journal.

Credit Union membership has increased and other categories including assets and loans are on the rise.


























## Credit union operating-expenses-to-assets ratio



Charts courtesy of Credit Union Journal.

Experts predict investments into assets are likely to continue into 2021.




THE LIST		CREDIT UNIONS							► Ranked by assets as of March 31, 2021	
Rank (Last year)	Credit union Address Website Phone		Total assets: (millions) Mar. 2021 Mar. 2020 % + (-)	Net income (loss) (millions) 2021 2020	Return on average assets % (-) 2021 2020	Capital to asset ratio 2021 2020	# of local: Members Employees Branches	CEO Year est. locally		
1 (1)	<b>San Diego County Credit Union</b> 6545 Sequence Drive, San Diego 92121 www.sdccu.com 877-732-2848	 <b>San Diego County Credit Union</b> <small>It's not big bank banking. It's better.</small>	\$10,251.00 \$8,745.26 <sup>(1)</sup> 17	\$26.00 \$20.13	1.04 0.94	14.61 16.24	425,500 830 42	Teresa Campbell 1938		
2 (2)	<b>Mission Federal Credit Union</b> 10325 Meanley Drive, San Diego 92131 www.missionfed.com 800-500-6328		\$4,915.93 \$4,302.84 14	\$13.82 \$10.42	1.15 1.71 <sup>(1)</sup>	11.75 12.60	267,217 603 34	Debra Schwartz 1961		
3 (3)	<b>California Coast Credit Union</b> 9201 Spectrum Center Blvd., San Diego 92123 www.calcoastcu.org 858-495-1600		\$3,318.80 \$3,002.69 11	\$6.06 \$5.23	0.74 0.74	10.39 10.88	192,054 542 26	Todd Lane 1929		
4 (4)	<b>USE Credit Union</b> 10120 Pacific Heights Blvd., Suite 100, San Diego 92121 www.usecu.org 866-873-4968		\$1,241.99 \$1,043.22 19	(\$0.41) \$0.48	(0.14) 0.18	8.33 9.82	59,891 177 9	Jim Harris 1936		
5 (5)	<b>Frontwave Credit Union</b> 1278 Rocky Point Drive, Oceanside 92056 frontwavecu.com 800-736-4500		\$1,161.06 \$920.33 26	\$1.95 \$0.19	0.70 0.08	10.24 12.30	113,119 263 14	William Birnie 1952		
6 (6)	<b>MyPoint Credit Union</b> 9420 Farnham St., San Diego 92123 www.mypointcu.com 858-495-3400		\$642.29 \$539.26 19	\$0.48 \$0.53	0.30 0.40	7.87 8.55	29,656 129 7	David Brooke 1948		
7 (7)	<b>Cabrillo Credit Union</b> 10075 Carroll Canyon Road, San Diego 92131 www.cabrillocu.com 858-547-7400		\$417.76 \$336.50 24	\$0.19 \$0.29	0.19 0.34	7.68 9.64	24,844 87 4	Michael DeShazo 1955		
8 (8)	<b>Wheelhouse Credit Union</b> 320 B St., San Diego 92101 www.wheelhousecu.com 619-297-4835		\$384.39 \$333.46 15	\$0.13 (\$0.02)	0.13 (0.03)	7.82 8.94	28,545 86 4	Lisa Paul-Hill 1934		
9 (9)	<b>East County Schools Federal Credit Union</b> 1069 Graves Ave., Suite 100, El Cajon 92021 www.eastcountyschools.org 619-588-1515		\$140.47 \$127.43 10	(\$0.06) \$0.14	(0.18) 0.45	7.99 8.78	4,455 19 1	Steve Devan 1956		
10 (10)	<b>San Diego Firefighters Federal Credit Union</b> 4926 La Cuenta Drive, San Diego 92124 www.sdffcu.org 619-283-5477		\$133.22 \$108.01 23	(\$0.00) \$0.03	0.00 0.11	6.44 7.87	3,669 15 1	Ed Daley 1984		
11 (11)	<b>Paradise Valley Federal Credit Union</b> 2700 E. Fourth St., National City 91950 www.paradisevalleyfcu.org 619-475-4313		\$87.87 \$78.67 12	(\$0.05) (\$0.00)	(0.23) (0.01)	10.38 11.42	4,471 19 2	Bud Schaffner 1957		
12 (12)	<b>North County Credit Union</b> 17045 Via del Campo, San Diego 92127 www.northcountycu.org 858-487-1880		\$70.73 \$64.23 10	\$0.01 \$0.01	0.04 0.09	8.86 9.67	4,054 11 2	Gary Sisk 1953		
13 (13)	<b>Escondido Federal Credit Union</b> 201 N. Broadway, Escondido 92025 www.escondidofcu.org 760-839-4606		\$58.22 \$45.26 29	\$0.09 \$0.12	0.61 1.11	10.13 12.45	2,379 9 2	Diana Wettig 1959		
14 (14)	<b>Employee's Choice Federal Credit Union</b> 266 S. Magnolia Ave., Suite 101, El Cajon 92020 www.employeeschoice.org 619-579-0941		\$20.92 \$17.10 22	\$0.01 \$0.01	0.27 0.35	9.44 11.19	1,144 4 2	Aletta Bostock 1960		
15 (15)	<b>Inland Federal Credit Union</b> 570 Broadway, El Cajon 92021 www.inlandfederal.org 619-444-5656		\$15.21 \$14.44 5	\$0.01 \$0.01	0.17 0.40	7.10 7.33	1,402 5 1	Jeff Lower 1960		
16 (16)	<b>Chula Vista City Employees Credit Union</b> 276 Fourth Ave., Chula Vista 91910 na 619-691-5240		\$3.38 \$2.94 15	(\$0.00) \$0.01	(0.06) 0.90	7.03 8.17	538 2 0	Lydia DeNecochea 1967		

na Not applicable

Sources: The National Credit Union Administration.  
Due to rounding off, some percentages appear to be incorrect.  
To the best of our knowledge, this information is accurate as of press time. While every effort is made to ensure the accuracy and thoroughness of the list, omissions and typographical errors sometimes occur. Please send corrections or additions to the Research Department at the San Diego Business Journal. Eric Alderete, [ealderete@sdbj.com](mailto:ealderete@sdbj.com). This list may not be reprinted in whole or in part without prior written permission from the editor. Some companies have declined to participate or did not return a survey by press time. It is not the intent of this list to endorse the participants or to imply a company's size or numerical rank indicates its quality.

(1) As reported on Mar. 31, 2020



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