



Credit Unions and your money: Interview with Michael Mercer (President & CEO of GCUA)

By Atlanta Personal Finance Examiner, Melissa

On Tuesday, November 17, [Georgia Credit Union Affiliates \(GCUA\)](#) issued a new survey of 1000 Georgians spending habits for this upcoming Holiday Season. According to this survey, 52 percent are planning to spend less than they did last year while 45 percent plan to spend the same as last year. Additionally, 59 percent plan to spend less than \$500 on gifts this holiday season, while 31 percent plan to spend between \$500 and \$1,000. But, to me, the most interesting piece of the poll is that 76 percent polled plan to pay for their holiday purchases in CASH. The full poll results can be found at www.georgiacreditunions.org.

On Friday, November 20, I interviewed Michael Mercer, President and CEO of GCUA to discuss the poll results and get some additional insight from him on how the economy is affecting Georgians. He noted that while at this time last year most consumers felt that Wall Street and International Markets were

feeling the pressures of the economic downturn, this year those pains have been felt on Main Street (and now Wall Street is doing just fine). He also noted that average household debt is at 120% of annual disposable income; compared to 50-75% prior to the 2000s (data has not been verified).

Me: (As a leading member of lending institutions) Does the change in spending habits negatively affect the economy?

Mr. Mercer: Long-term, it is absolutely necessary that consumers take care of their own financial affairs. They should not rely on the government. As consumers pay more attention to saving and maintaining their debt levels, that will be good long-term for the economy and the country.

Short-term, Wall Street expects a quicker return than is realistic.

Our feeling [at GCUA] is that the recovery will be slow. American consumers will begin to take care of themselves. They will be managing money versus consuming money.

Economists say inflation won't come back for a year or two, even though the dollar is falling and more money is being printed. The banking industry is not lending as often, and consumers are saving more. The results from

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the GCUA "A Century of Good Advice" poll also lend to that, as 65% of those polled said their spending habits will be changed forever!

Had spending habits not changed, we would have been in dire trouble. Consumers account for 2/3 of economy. The consumer is the last great hope for the fortune of American prosperity. A lot of money has been spent at federal and state level, but it is dragging down our competitive cost structure. International trade shifts quickly based on relative cost structure.

Me: What is the benefit for Georgians to use Credit Unions if they are using more cash than credit now?

Mr. Mercer: Over the years, credit unions have done independent studies on pricing & fees at banking institutions. GA Credit Unions members saved \$138million in one year. Of these savings, 1/3 was from higher rates on savings, 1/3 was from better rates on loans, and 1/3 was from lower fees. The savings are even substantial at the individual level - at about \$150/year per household. In the instance that someone borrows \$25K for a car, you can save on avg \$224/year in interest expense. In addition to the substantial financial reasons, there is also the value of knowing that [credit unions] are not wired to harvest profits. There are no shareholders;

their only stakeholders are members – and all benefits go back to the members.

Keep in mind that there are multiple options for almost every citizen to join a credit union. 20 years ago, [membership] was only available through jobs. Now, they are much more convenient. On the website FindaCreditUnion.com, readers all over the nation can find [a local credit union] through relationships or through your family (website is available in English and Spanish). There are no barriers to access now. About 1/3 of the country now has a credit union, now we are trying to reach the other 2/3.

Me: Do you have any advice for Georgian's holiday shopping or personal finance in general?

Mr. Mercer: Take care of #1. Allocate some part of your paycheck to paying down debt or boosting up your savings. Our jobs and our incomes cannot be taken for granted. The federal government cannot compensate us forever because we have to pay the taxes. The biggest lesson learned from 2009 is that we have to take care of ourselves.

For young people, the value of saving while you're young is incomparable to catching up when you're older. Take advantage of 401Ks when possible and IRAs.

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Me: Thank you for your insight and for your time Mr. Mercer. I will be in touch.

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Mr. Michael Mercer has been President and CEO of Georgia Credit Union Affiliates since 1985, and has been in Georgia since 1980. He has always worked for credit unions since he was in graduate school at the University of Wisconsin-Madison. He never worked in the for-profit banking sector. He loved the idea that he could use the principles he learned in graduate school and use it to help people.

Relevant Credit Union Websites:

- Findacreditunion.com (Nationwide, English and Spanish)
- Facebook.com/creditYOUunion
- www.GeorgiaCreditUnions.org
- www.GCUA.org

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