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MBL: Long Island Credit Union Surveys Business Needs

Bethpage FCU Finds Interest in Business Banking With Credit Unions

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Following a recent presentation on the results of the credit union's Long Island Small Business Survey, Bethpage FCU President/CEO Kirk Kordeleski (center) was joined by the co-chairs of the Long Island Association Small Business & Sole Proprietor Committee, Ernie Canadeo, president of the EGC Group and Katherine Heaviside, president of Epoch 5 Public Relations.

After a nearly three-year track record of successful business checking account activity, Bethpage Federal Credit Union is ready to see if it can build on the momentum.

The \$4.7 billion credit union gathered data from 612 Long Island, N.Y.-based small businesses to find out what their financial needs were as well as to learn more about their attitudes on the health of their business, optimism about the future and plans for expansion, business conditions in the nation and on Long Island, and confidence in local business leadership.

“There’s been somewhat of a void in connecting products and brands with businesses,” said

Kirk Kordeleski, president/CEO of Bethpage. “This was an opportunity for us to dive into these businesses and dig deeper to find out what they want.”

The Stony Brook University Center for Survey Research conducted the survey by telephone between Oct. 3 and Nov. 14, 2011, according to Bethpage. The sample included 205 small businesses with annual revenues up to \$500,000 and 407 medium-sized small businesses with revenues between \$500,000 and \$10 million.

On Long Island, there is certainly an opportunity for Bethpage to build its presence within the small business community. According to the survey, only 6% of respondents have used a credit union as a source of finance for their business, and another 19% had considered doing

so.

The number who said they would likely borrow money from a credit union increased substantially to 43% if Congress were to raise the amount that credit unions can lend to small businesses, the data showed.

One bright spot expressed by the respondents was the outlook of their businesses' financial health. More than half (52%) of small business executives rated the current financial status of their business as positive. Overall, 18% of all small businesses had expanded in 2011 and expected to expand in 2012.

Over two-thirds (69%) of business executives expected their sales to be the same or increase in 2011 with an even greater percentage (79%) expected sales to stay the same or increase in this year.

That optimism may bode well for Bethpage which is in the midst of building a small business lending division set to open this summer. While the credit union is no stranger here having built a \$200 million commercial real estate loan portfolio over the years, Kordeleski said the new division's offerings may include SBA and other loans. The credit union is also exploring adding credit cards tailored for businesses.

"We're using a consulting company to help us find our strongest niches to develop—whether it's doctors, accountants or pizza parlors—whatever they may be," Kordeleski said. "And, we're learning about the pricing to beat the competition."

Long Island's small business owners who participated in the survey lamented about their lack of access to credit. Less than half (46%) had a line of credit and 25% said they had difficulty gaining sufficient financing.

When asked if they were able to borrow sufficient funds to meet their credit needs in 2011, 18% of small businesses said no. About 22% had missed out on a business opportunity in 2011 because they could not secure financing, according to the survey. Forty-five percent of small businesses needed to borrow money in 2011 and more than half of small businesses (55%) found it somewhat or very difficult.

Kordeleski, who is a staunch advocate for raising the current 12.25% of assets member business lending cap, said the limit will continue to hurt credit unions.

"It can limit investment and production going forward," he said. "If you would have asked me about three years ago if secondary capital or MBL was more important, I would have put secondary capital at the top of the list. It's still important to us but at the end of the day so is the cap because we may reach ours in the next two years."

Meanwhile, Bethpage's robust business checking activity is tied to the connection between the

credit union's regional managers and the branch managers, who continue to talk up the benefits of the account, Kordeleski said.

Indeed, the survey showed Long Island business owners are always on the lookout for new ideas to grow their firms. Fifteen percent said they turn to news sources and magazines while the same percentage sought out business leaders and associations.

This year, the respondents said they are open to changing their strategies including expansion of services (37%), financial changes (21%), and changes in advertising and marketing (18%).

"This is an exciting time for credit unions," Kordeleski said. "Our friends in the banking world have been limited over the last few years because of their troubles. But counter balance that with the latest Fed beige book data which shows their gearing back up for small lending activity."

To keep in tune with what Long Island businesses want and feel, Kordeleski said Bethpage plans to conduct the survey each year.

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