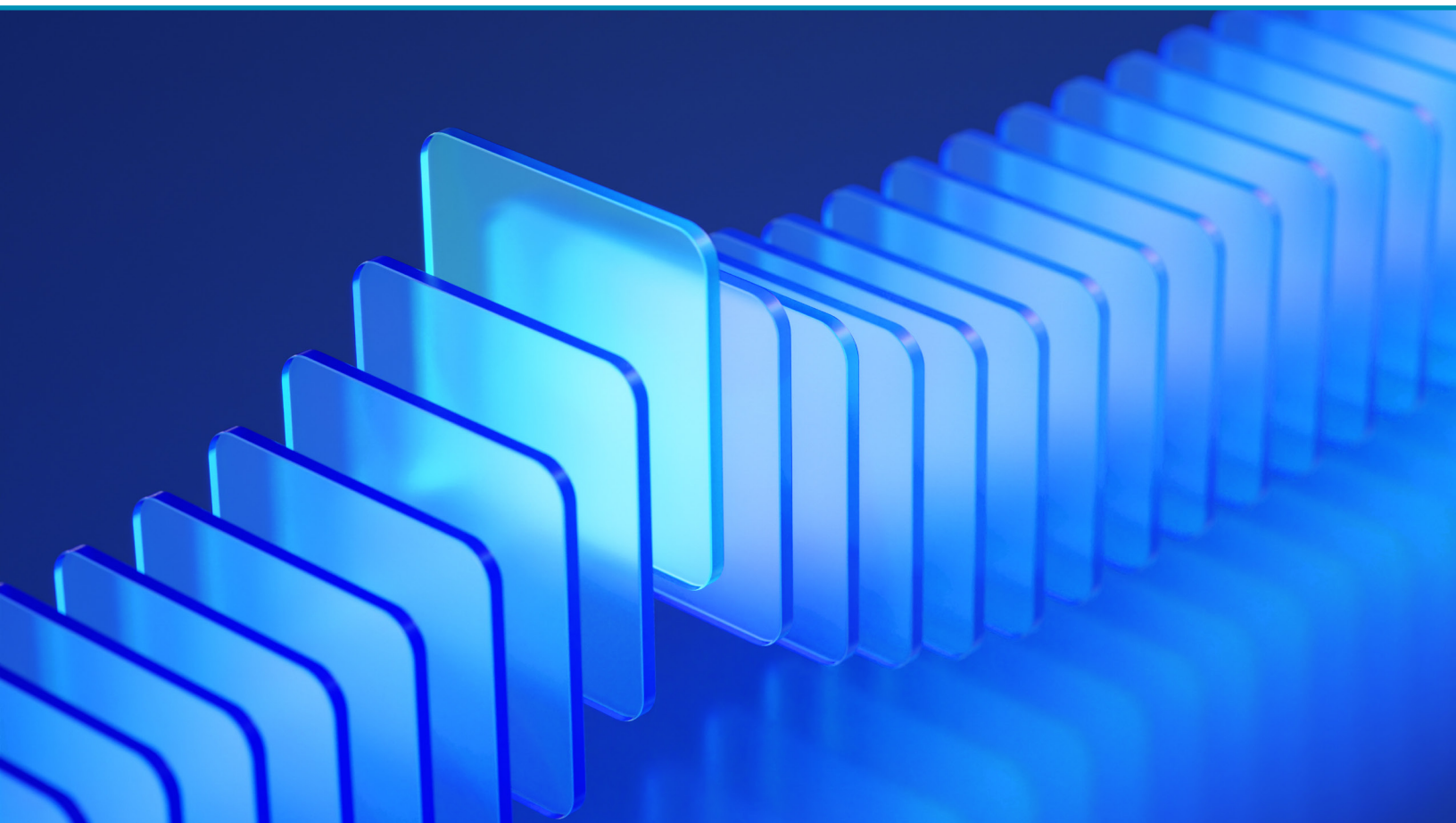




Why Who You Benchmark Performance Against Matters More Than You Think

Learn how credit union executives gain deeper insights by aligning peer groups with their organization's goals and business models — and how you can apply the same methodology for your organization.

PROVIDING DATA-BASED INSIGHTS THAT MOVE CREDIT UNIONS TO TAKE ACTION



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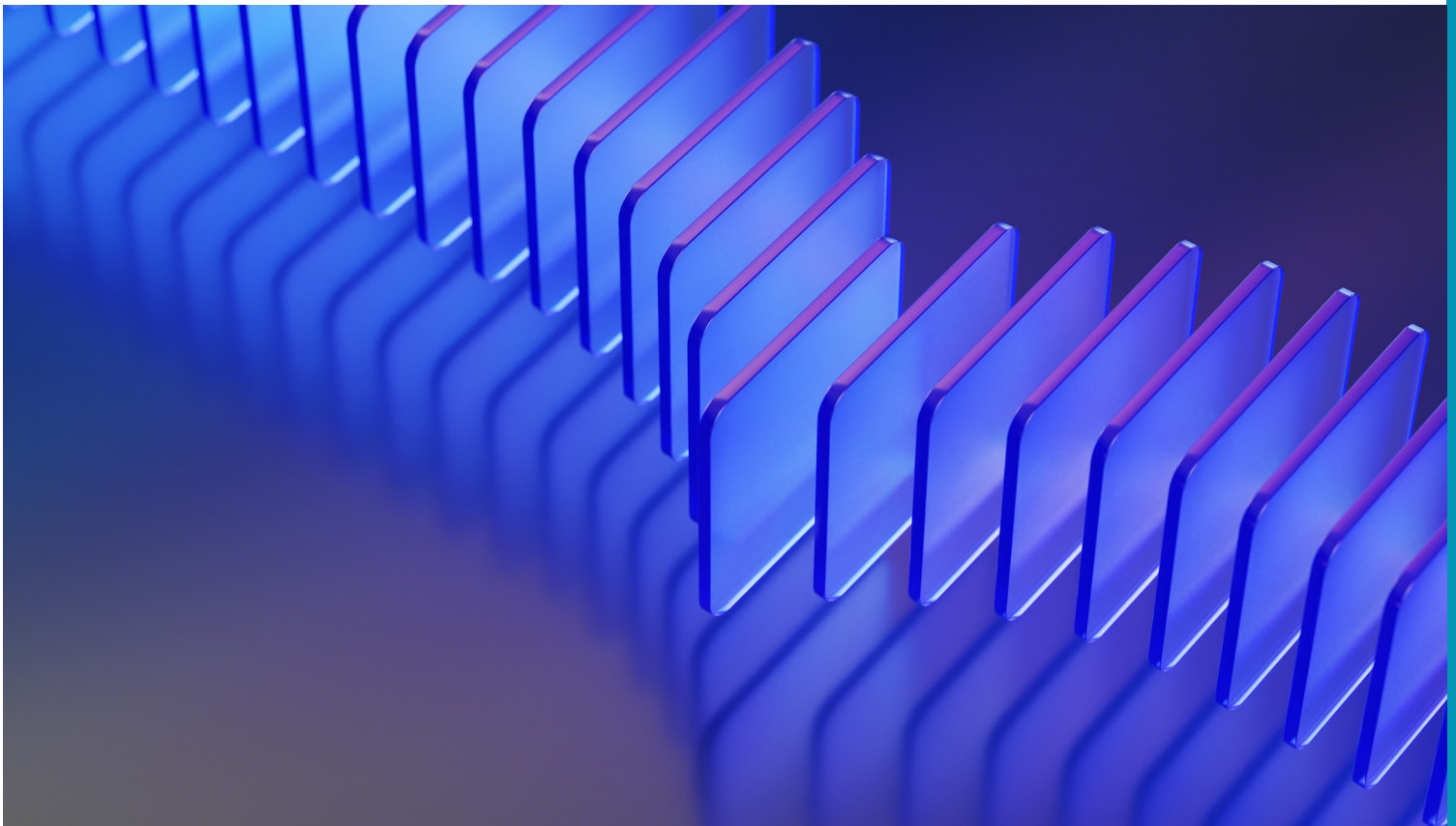
Benchmarking Focus: Explore how one credit union builds an aspirational peer group to uncover how others grew earnings without compromising asset quality and uses those insights to inform its own strategy.

What You'll Gain By Reading This White Paper

- ▶ **A better understanding of how peer group selection shapes insight.**
You'll learn why who you benchmark against matters — and how creating peer groups of credit unions who are performing in areas that are aligned with your goals and aspirations — can help you demonstrate a more complete narrative.
- ▶ **A clear, repeatable methodology for benchmarking.**
You'll see how to move beyond surface-level comparisons by defining a goal, filtering for relevant peers, and analyzing performance through the right lens.
- ▶ **A practical example that brings it all together.**
By following the journey of a hypothetical credit union looking to provide auto loans to a larger swath of their membership without increasing risk, you'll see how peer benchmarking can guide real decisions, step by step.
- ▶ **New ways to challenge assumptions using data.**
You'll discover how benchmarking against aspirational peers can reveal surprising findings, and how to use those insights to refine your strategy.
- ▶ **Tips and tools to apply this to your own institution.**
Reflection questions and tips to help you assess your current approach, plus guidance on using tools like Peer Suite to generate deeper, goal-oriented analysis.

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WHAT STORIES ARE YOUR PEER GROUPS TELLING?

Too often, benchmarking is treated as a scorecard — a way to check performance against peers during board prep or audits.

But the choice of peer group matters: different sets of institutions tell different stories. When you compare your credit union to those with similar business models or those achieving outcomes you aspire to, benchmarking becomes a tool for insight and context, not just oversight.

The key is to align your benchmarking approach with the questions you're trying to answer. Are you trying to validate performance? Diagnose a challenge? Or chart a path toward a new strategic goal? The peer group you choose should reflect that objective.

To show how peer group selection can shape deeper insights, this whitepaper walks through a hypothetical and relatable credit union. We'll explore how they used data to define a more relevant peer group and how they investigated their peers' performance to inform their own strategy.

By following this example, you'll see how the same methodology can support smarter, more context-driven decisions within your own organization.



ABC CREDIT UNION'S CHALLENGE

ABC Credit Union, a \$416.6 million institution based in Indianapolis, Indiana, has been challenged by its board to expand auto lending across a broader segment of its membership. The board understands how difficult it is for many of their lower-income residents to access reliable transportation for work. Auto loans offer a way to meet that need, while also boosting the credit union's loan portfolio yield.

But there's a catch: growth can't come at the expense of asset quality. That requires the executive and lending teams to refine a well-balanced strategy — growing auto lending in a way that serves more members without driving up delinquencies.

For ABC Credit Union, the path forward begins with looking outward. By identifying peer institutions that are already doing this well and learning from their performance, the credit union can uncover practical insights to shape an approach that makes the most sense for its members and the institution.

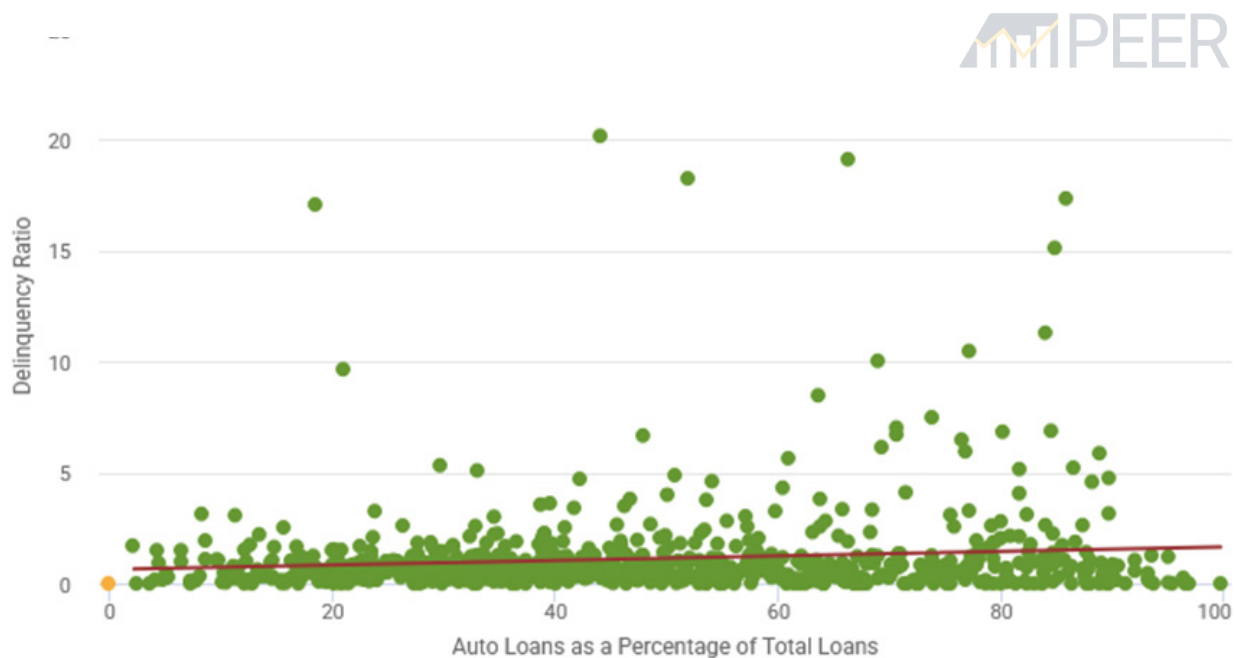
STEP 1

IDENTIFY THE GOAL

The objective is clear: ABC Credit Union wants to grow its auto lending portfolio in a way that supports both its members and the long-term success of the institution.

Right now, ABC Credit Union's loan portfolio is 27.4% auto loans by dollar outstanding. However, the CEO knows that increasing their concentration in auto lending could lead to an increase in portfolio delinquency. In their region, auto loans tend to have higher delinquency rates than other products like real estate or commercial lending.

So, the goal in mind is to increase auto lending while keeping delinquency rates near industry averages.



Benchmarking Tip: Define your growth goals and your constraints — these will become your benchmark filters later.

STEP 2

BUILD THE PEER GROUP

To accomplish this goal, ABC Credit Union wants to find other credit unions that have already walked this tightrope successfully.

First, they need to narrow down exactly what they're looking for: a list of credit unions similar to theirs with strong auto lending programs but relatively low delinquency.

DEFINING GEOGRAPHIC FILTERS

The first step ABC Credit Union takes is narrowing its peer group by geography. They're concerned that delinquency dynamics in auto lending might vary significantly across different regions.

To keep comparisons relevant, they choose to focus on credit unions located in neighboring states: Ohio, Michigan, Illinois, and Wisconsin. This creates a more economically and regionally consistent group, avoiding outliers like California, where market conditions are likely very different.

By doing this, ABC ensures their peer group reflects the environment most similar to their own, enabling more meaningful benchmarking.

Select by Criteria
☒ Credit Unions
☐ Banks
Cycle: Fixed as of: 4Q24

Filters

1 Geography
2 Account Codes
3 FOM/Charter
4 Vendors
5 Include/Exclude

Select All States

| State | |
|----------------------------|---------------|
| > WI | Select County |
| > MI | Select County |
| > IN | Select County |
| > OH | Select County |
| ▼ IL | Select County |
| Select Individual Counties | |

*Indicates underserved county designation by the CFPB thus meeting NCUA's Investment Area criteria.

☒ HQ
☐ Any Branches in the Selected Area

FILTERING BY ASPIRATIONAL GOALS:

Next, ABC's leaders refine their peer group based on the credit unions strategic goals: growing their auto lending portfolio to provide the most benefit to their members while keeping delinquency low.

They apply three specific filters:

1. Auto Loan Concentration (60%)

They set a filter to include only credit unions where 60% or more of the loan portfolio is made up of new and used auto loans. This ensures the peer group is similarly focused on auto lending. ABC Credit Union leaders understood that if they could grow their loan concentration to this rate, that would mean providing enough auto loans to support its members as well as their internal earnings targets.

2. Delinquency Rate ($\leq 0.90\%$)

They filter for credit unions with an auto loan delinquency rate of 0.90% or less. Since the industry average in Q4 was 0.96%, staying below that provides a reasonable cushion while maintaining a high-performance standard.

3. Minimum Asset Size (\$100M)

To ensure comparability in terms of operational scale and resources, they set a minimum asset threshold of \$100 million. This helps exclude very small institutions that might face different challenges and distort the analysis.

From there, the CEO can benchmark the credit union's own performance and financials against institutions that reflect both their regional market and strategic aspirations.

Select by Criteria
☒ Credit Unions
☐ Banks
Cycle: Fixed as of: 4Q24

Filters

☒ Geography
☒ 2 Account Codes
☐ 3 FOM/Charter
☐ 4 Vendors
☐ 5 Include/Exclude

Search for accounts to filter by...

[Tips on How to Design Targeted Peer Groups](#)

| | Min | Max | |
|-------------------|--------|-------|---|
| (a370+a385)/loans | 60.00% | | ⊖ |
| delinquency | | 0.90% | ⊖ |
| assets | 100M | | ⊖ |

Edit & Preview 23

Delete
Midwest Auto Leaders with C
Save
Save As

Peer Suite Benchmarking Tip For Callahan Clients:

- In the Peer Group Creation tab, ABC Credit Union can use the “Preview” function to check which credit unions meet this criterion.
- Alternatively, they could use [Smart Builder](#), which allows filtering based on Top, Bottom, or Closest values. This is especially helpful if they know the relative positioning they’re aiming for, but not the exact thresholds.

The screenshot displays the 'Select by Criteria' window in the Peer Suite application. At the top, it indicates 'Credit Unions' and 'Cycle: Always Current Cycle'. The 'Filters' section includes 'Geography' (checked), 'Account Codes' (checked), and 'Include/Exclude' (3). Below this is a search bar 'Search for accounts to filter by...'. A section titled 'Tips on How to Design Targeted Peer Groups' contains a table with columns for 'Min' and 'Max'. The 'Ranking' dropdown menu is open, showing 'Top' (selected), 'Bottom', and 'Closest'. To the right of the dropdown is a search bar 'Search for accounts to filter by...' and a link 'Learn How To Refine Your Results Using The Ranking Bar'. At the bottom, there is an 'Edit & P' button, a 'Name your Peer Group' field, and a 'Save' button.



STEP 2 REFLECTION QUESTIONS:

1. **When was the last time you revisited your peer group criteria?** Are you using a peer group that reflects your current goals?
2. **Do you know what percentage of your portfolio should be focused on your priorities (e.g., auto)?** Are you measuring and tracking that against aspirational peers?
3. **What filters could you apply to your peer comparisons to make them more meaningful?** Have you considered concentration, risk metrics, or operational scale in your filtering?

STEP 3

INVESTIGATE PERFORMANCE INSIGHTS

Once ABC Credit Union finalized their aspirational peer group, the next step was diving into the data to identify what the credit unions they hope to emulate are doing differently and what that means for their own strategic direction.

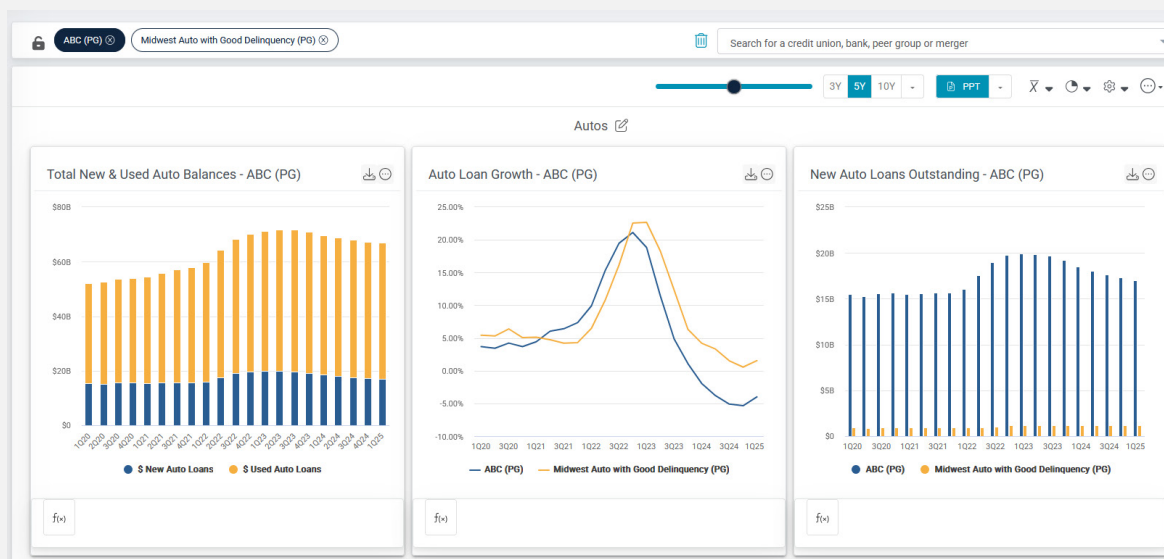
This wasn't just about confirming assumptions; it was about testing them. Benchmarking allowed ABC to explore:

- What levers peers are pulling to grow their auto portfolios.
- How those strategies affect broader financial performance.
- Whether certain approaches — like indirect lending — deliver the results ABC had expected.

With 27.4% of their loan portfolio in auto, ABC was particularly interested in what their aspirational peers were doing to achieve strong, sustainable growth.

Peer Suite Benchmarking Tip:

- To better understand what their high-performing peers are doing differently, ABC isolated relevant metrics in Peer Suite's folder Loan Performance By Type > Auto Loans.



- ABC zeroed in on auto loan penetration and indirect lending, two data points that when analyzed, changed their pre-conceptions of the best way to tackle their challenge.



Insights From ABC Credit Union's Investigation

INDIRECT LENDING ISN'T EVERYTHING

While peer credit unions had a higher percentage of indirect loans overall, a closer look showed that these loans made up a smaller proportion of their total auto activity than expected. In fact, many peers generated a larger share of their auto loans directly from members. It signals that ABC's own strategy might be too dependent on indirect channels, and doubling down on current members may be the best way to get reliable transportation in the hands of residents in their local community.

AUTO PENETRATION MATTERS

ABC assumed that those who had a larger book of auto loans had higher auto penetration among members. Upon investigation, that proved to be the case. In line with their findings on indirect lending, growing the auto portfolio and getting the local community a reliable way to work isn't just about getting auto loans out into the lending market, it's about deepening the relationship with existing members. The median credit union in their peer benchmark has an auto penetration rate of 32.0%, much higher than the national average of 16.7%.

CHARTING A NEW DIRECTION

These findings helped ABC pivot from chasing growth through intermediaries to deepening its relationships with existing members. In practice, this meant:

- Enhancing auto loan products through member feedback.
- Refreshing marketing campaigns to emphasize direct lending.
- Adjusting employee incentives to support direct engagement.
- Exploring metrics like auto loan penetration and organic vs. indirect sourcing to track future progress.

This approach is more aligned with ABC's values and likely more sustainable over the long term. The lesson? Sometimes, slower, member-focused growth is the smarter path forward.

STEP 3 REFLECTION QUESTIONS:

1. **What surprises might you uncover if you created a peer group based on where you want to go, rather than where you are?** Could that surface more relevant performance gaps?
2. **How are you using benchmarking to challenge existing strategies rather than just validating them?** Are you open to discovering that your current approach may not be what high performers are doing?
3. **What key outcomes (growth, delinquency, profitability, engagement) do your aspirational peers achieve—and how do you compare?** Where are you ahead, and where is there a gap worth investigating?



How They Did It: Peer Suite As The Analysis Engine

What made the difference wasn't just the tools ABC used, it was how they used them.

By beginning with a clear question and an aspirational peer group, they let the data guide their thinking. Benchmarking helps uncover not only strategies that lead to success, but also the trade-offs that come with them.

Whether you're exploring auto loan growth, managing risk, or improving operational efficiency, this methodology can be applied to a wide range of objectives and outcomes your organization wants to examine.

Peer Suite simply made that process faster, clearer, and more actionable. Ready to investigate questions of your own?

[START YOUR ANALYSIS IN PEER SUITE](#)

Callahan's Here To Help

Whether you're seeking Callahan's support in building a customized analysis aligned with your goals, or you're interested in advanced Peer Suite features — like smart peer group builders and custom criteria — we're here to help.

Schedule time with your account manager below to share more about what you're looking to accomplish, and we'll connect you with the right tools and resources to get there.

[SCHEDULE TIME WITH CALLAHAN](#)

* Some features demonstrated in this whitepaper, such as the criteria and smart builder, and displays are available only in Premium and Plus levels of Peer Suite. If you're curious about how these tools can support your organization, [schedule a conversation with your account manager here](#).



About Callahan & Associates

For 40 years, Callahan & Associates has been dedicated to helping credit unions thrive. As a trusted source of industry insights and inspiration, we empower credit union leaders with the data, insights, and connections they need to make smarter decisions and deliver meaningful impact to their members.

Whether you're navigating complex growth strategies, refining performance, or looking to connect with forward-thinking peers, Callahan is here to support your mission — not just with numbers, but with context, clarity, and a shared commitment to member-first success.