

CREDIT UNIONS vs BANKS

With our Annual Meeting coming up around the corner (Thursday, March 25, 2010), the credit union gets a chance to tell you how we are doing. But then again aren't credit unions the same as a bank and aren't we doing about the same as a bank? Let's look at the differences in the Credit Union movement and see why we are so much stronger.

HISTORY

Credit unions started out as a community of people helping each other. They would pool their money together and distribute it based on who and why they needed it. Banks started out as wealthy people who would lend money at a given rate of return often taking collateral when the loan went bad without trying to make arrangements.

MEMBERSHIP vs NUMBER

When you deposit money in a Credit Union you become an owner and you have a voice in the policies at that institution. The policies that are made are for the benefit of the membership. When you deposit money at a bank you become a customer with a number and the policies are made with the stockholder's best interests; not yours.

FEES & INTEREST RATES

Credit unions charge fees in order to keep costs low for some services, like overdraft protection or reprints. These fees are lower than the banks. Investment rates are higher because the return goes to the member and loan rates are lower in order to help the member not pay as much. Banks add fees to help income and charge at competitor rates. Lower investment rates means more money to stockholders and higher loan rates also returns more to stockholders; not yours.

BOTTOMLINE

Credit unions are a not-for-profit financial institution. After all the bills are paid the profits are returned to the membership in bonus payouts, lower loan rates, higher investments, more service options, updated services. Banks are for profit and their profits are returned to stockholders and CEO's by giving them vacations, expensive "perks", and raising incentives to keep the returns high.

Credit Unions and Banks are governed by the same rules and regulations. They also have to meet the same standards. So why are Credit Unions doing so much better. It all goes back to the membership. We take it personally because it is. We are just people helping people and that is the credit union philosophy.