



Six Ways Credit Unions are Better than Banks

Credit Unions are essentially a not-for-profit financial cooperative owned by its depositors, not stockholders. A credit union offers just about the same set of financial products as a bank, yet only some Americans have accounts solely at a credit union.

Here are six ways credit unions are better than banks:

- 1. Making you a top priority.** Unlike corporate banks, credit unions are working in the best interest of depositors, not stockholders. This is why most can offer much better customer service and will go out of their way to make you, the depositor, happy. They're less focused on turning a profit and more focused on ensuring they're providing depositors with a high level of service and competitive rates. They even have a nonprofit status so they're exempt from many taxes.
- 2. Lower fees on banking products.** Shop around for a loan or a checking account and you'll find that credit unions usually offer lower fees on basic transactions. Whether you're interested in opening a primary savings account or a new checking account, your local credit union can probably offer the best financial products and packages in town. Most credit unions still offer truly free checking without strings attached.
- 3. Low or no minimum balance requirements.** As corporate banks continue charging high fees for dropping below a minimum balance on savings and checking products, credit unions are doing the opposite—lowering balance requirements so that maintaining an account is less stressful. Many only require a minimum balance of \$5 to \$10 and have very few rules or provisions for keeping your account in good standing. If you're fed up with the complex rules and requirements of larger banks, consider opening up an account at a credit union.
- 4. Lower interest rates.** Credit unions typically offer lower interest rates on mortgages and even credit cards. When you're looking to make some larger investments, don't forget to shop the credit union for the best rates. Many will extend the most competitive rates for mortgages, personal loans and credit cards. Remember that a credit union is a nonprofit organization and isn't going to raise fees just to turn a profit. They're also less likely to tack on excess fees for different loan products.
- 5. Secure funds.** Just like the FDIC, deposits at a credit union are insured by NCUA up to \$250,000. You don't have to worry about losing your money when you set up accounts at a credit union. You're investing in the same level of risk as a regular bank, but can enjoy several other perks and services while doing so.
- 6. Less restrictive credit eligibility requirements.** If you've been denied for a loan from a corporate bank, consider applying for a loan through a credit union. Many credit unions have less stringent loan eligibility requirements and may be willing to work with you when you have a low credit score. They can also make exceptions for unique circumstances, such as being self-employed or having a bankruptcy on your record.