

Credit Unions vs. Banks

What's the difference?

	Credit Unions	Banks
Depositors	Depositors are called "members". Each member is part owner of the credit union. Credit unions may only serve their members (eligibility to join is determined by a credit union's bylaws).	Banks can serve anyone in the general public, but their customers have no ownership interest in the institution. Banks are owned by investors who may or may not be depositors.
Structure	Credit unions are not-for-profit , meaning they're in the business primarily to serve their members. If a credit union has excess earnings after reserve requirements are met, those funds are used to offer the members lower interest on loans or higher interest on savings, or to develop new products and services for the membership. Excess funds can also be paid back to members in the form of a dividend.	Banks are for-profit , meaning their primary purpose is to generate profits for their investors/stockholders. In banks, only the investors (stockholders) get a share of the profits.
Governance	Credit unions are democratically controlled , meaning each member has a say in how the institution is operated. Credit unions' boards are unpaid volunteers elected by and from the membership. Each member, regardless of how much money they have on deposit, has one vote in electing board members. Members can also run for election to the board.	At banks, only investors/stockholders have voting privileges . Customers don't have voting rights, cannot be elected to the board, and have no say whatsoever in how their bank is operated. Bank directors are paid, though they may not be from the same community the bank is in and may not even use the bank's services.
Insurance	Credit union accounts are insured to at least \$250,000 by the National Credit Union Share Insurance Fund (NCUSIF). The fund is managed by the National Credit Union Administration (NCUA), an agency of the federal government.	Banks accounts are also insured to \$250,000 . Their insurance funds are called the Federal Deposit Insurance Corp., also an agency of the federal government.



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