



What's the difference between a credit union and a bank?

The primary differences between a bank and a credit union lie in their structure, purpose, and the benefits they offer to their customers. Here's a detailed comparison:

Ownership and Structure

Banks:

- For-Profit Institutions: Banks are for-profit entities owned by shareholders. ***They aim to generate profits for their shareholders.***
- Publicly Traded or Privately Owned: Banks can be publicly traded companies listed on stock exchanges or privately owned.

Credit Unions:

- Not-For-Profit Institutions: Credit unions are not-for-profit organizations owned by their members. ***They operate to serve their members rather than to generate profits.***
- Member-Owned: Each member of a credit union is also an owner and has a say in the credit union's operations, typically through voting rights at annual meetings.

Purpose and Focus

Banks:

- Profit-Driven: Banks focus on maximizing profits for their shareholders, which can sometimes result in higher fees and interest rates.
- Broad Services: Banks offer a wide range of financial products and services, including loans, mortgages, credit cards, savings and checking accounts, investment services, and more.

Credit Unions:

- Member-Centric: Credit unions prioritize providing value and service to their members. Profits are typically returned to members in the form of lower fees, better interest rates, and enhanced services.
- Community Focused: Credit unions often have a strong community focus and may limit membership to specific groups, such as employees of a certain company, residents of a particular area, or members of a specific organization.

Services and Fees

Banks:

- Extensive Services: Banks often provide a broader range of services and products, including more advanced technology and online banking features.

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- **Higher Fees:** Banks may charge higher fees for account maintenance, ATM usage, overdrafts, and other services. Interest rates on loans and credit cards can also be higher compared to credit unions.

Credit Unions:

- **Competitive Rates:** Credit unions generally offer more competitive interest rates on savings accounts and loans, as well as lower fees for various services.
- **Personalized Service:** Members often receive more personalized service and may find that credit unions are more willing to work with them on loans and other financial matters.

Regulation and Insurance

Banks:

- **Regulation:** Banks are regulated by federal and state agencies, such as the Office of the Comptroller of the Currency (OCC) and the Federal Reserve.
- **Insurance:** Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per institution.

Credit Unions:

- **Regulation:** Credit unions are regulated by the National Credit Union Administration (NCUA) and may also be subject to state regulations.
- **Insurance:** Deposits in credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF), also up to \$250,000 per depositor, per institution.

Accessibility

Banks:

- **Widespread Availability:** Banks often have a larger network of branches and ATMs, making them more accessible for customers who travel frequently or live in different regions.
- **Technology:** Banks typically have more resources to invest in technology, offering advanced online and mobile banking services.

Credit Unions:

- **Local Presence:** Credit unions may have a more limited geographic presence, often focusing on serving local communities. However, many participate in shared branching networks, allowing members to access services at other credit unions.
- **Personal Touch:** Credit unions often provide a more personal touch and community-oriented approach, which can result in better customer service and member satisfaction.

In summary, the choice between a bank and a credit union depends on your personal financial needs and preferences. If you value competitive rates, lower fees, and personalized service, a credit union may be the better choice. If you prioritize a wider range of services, advanced technology, and broad accessibility, a bank might be more suitable.

Remember, UBI Federal Credit Union is local and here for you! Please let us know what we can do to help with your banking and financial needs! 860-747-4152 or find us at www.UBIFCU.com

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