The Difference Between Credit Unions and Banks

Credit Unions	Banks
Not-for-profit Returns profits to members in the form of lower loan rates, higher savings rates, and free or low-cost services	**Profit-oriented corporation** Returns profits to stockholders
Community ownership Each person who deposits money is a member with a share of ownership	**Stockholder ownership** Customers have no ownership in the corporation
Democratically structured Members elect a volunteer Board of Directors from within their membership to represent the membership's interests	**No customer representation** Only stockholders (investors) have voting rights; customers cannot be elected to the board and do not have voting rights
Member-service driven Because credit unions are not-for-profit, after expenses are paid and reserves set aside, surplus earnings are returned to membership in the form of higher dividends, lower loan rates and lower service fees	**Profit-driven** Stockholders expect a certain return on their investments, and profits are returned to them
Insured Federally-chartered and many state-chartered credit unions are federally insured by the National Credit Union Share Insurance Fund (NCUSIF), which is managed by the National Credit Union Administration	**Insured** Are federally insured by the Federal Deposit Insurance Corporation (FDIC)
Build Main Street Decision-making powers are kept and democratically assigned within the membership of the credit union, ensuring that the community's concerns are considered. Member deposits stay within the community, are used to make loans to other members, and profits are returned to membership in the form of lower-cost services.	**Build Wall Street** Decision-making powers are kept by stakeholders, whose primary interests are profit maximization for themselves, and not the communities that the bank's customers and workers call home. Profits are removed from these communities and returned to stakeholders instead.