

Credit Union or Bank:

What's the Difference?

	Credit Union	Bank
Organization	Not-for-profit cooperative	For-profit corporation
Primary Objective	Meet member/owner needs	Maximize profit
Ownership	All members who are, by definition, users of services	Stockholders who may or may not be customers or users
Directors	Volunteers	Paid directors
Decision-making	Member controlled; one vote per member (each member/owner has the same power)	Only stockholders vote; one vote per share of stock (more stock means more voting power)
Distribution of net income	Dividends issued to members and used for capital development, additional locations, equipment, etc. for members.	Dividends issued to stockholders only
Community links	Owners/leaders reside or have an interest in the community	Owners/leaders may live anywhere in the world; headquarters could be anywhere in the U.S.
Rates/products	Offer better overall rates and lower fees due to the nature of the organization and its dividend distribution	Rates and fees may not be favorable because of for-profit status of banks
Who benefits	Members/owners	Stockholders only
Deposit insurance	NCUA	FDIC