

We would like to help you become informed about the differences between a credit union and a bank.

Credit Unions	Banks
<p>Member-owned, not customer owned. Each person who “deposits” money in a credit union becomes a member of the credit union because his deposit is considered his share of the ownership. That means credit unions are member owned. Each member is also an owner of the credit union.</p>	<p>Banks can serve anyone in the general public. Banks have customers who have no voice in how the bank is operated. Banks are owned by small groups of investors who expect a certain return on their investments.</p>
<p>Democratically controlled. They are run by a volunteer board of directors elected by and from the membership. Each member has one vote in electing board members and certain committee members and can run for election to the board or committees.</p>	<p>Only the investors have voting privileges. Customers do not have voting rights, cannot be elected to the board, and have no authority in the overall governance of their bank.</p>
<p>Not-for-profit. This doesn’t mean they do not or should not make a profit. After expenses are paid and reserves are set aside, surplus earnings are returned to members in the form of higher dividends. Lower loan rate and free or low cost services.</p>	<p>Only the investors get a share of the profits.</p>
<p>Federally-Chartered and all of Virginia’s state-chartered credit unions are insured by the national Credit Union Share Insurance Fund. (NCUSIF) which is managed by the National Credit Union Administration, an agency of the federal government. As a federal deposit insurance fund, the NCUSIF is back by the full faith and credit of the US Government. The NCUSIF is the only deposit insurance fund that operates on a pay-as-you-go system, which prevents accumulation of annual losses. The NCUSIF has never had to use taxpayers’ money.</p>	<p>Banks are insured by the federal government. Their insurance fund is called the Federal Deposit Insurance Corp. Part of this fund, which covers savings and loans, had to be bailed out by using billions of taxpayers’ money. The FDIC is not operated on a pay-as-you-go system.</p>
<p>Part of a worldwide support network that includes credit unions, state credit union leagues, a national trade association (Credit Union National Association) and a worldwide credit union organization (WOCCU). They share ideas, information and resources.</p>	<p>Most banks belong to the state and national organization. However, banks are usually reluctant to share ideas, information and resources.</p>