

Bank or Credit Union: What's best for you?

Each October credit unions all around the world celebrate International Credit Union Week. What's all the fuss? After all, isn't a credit union just like a bank?

In short, the answer is no. Last year alone, over 90,000 people in Michigan joined a credit union for the first time. At the end of last year, more than 3.8 million Michigan citizens (more than 40% of the state's entire population) were credit union members. Why? The quick answer is that credit unions are—for most people, most of the time—a better deal than banks.

Is there really any difference among financial institutions? Consumer groups, such as the Consumer Federation of America, have for years been advising consumers to join a credit union. A recent study on bank and credit union fees done by the Public

Interest Research Group (PIRG) starkly demonstrates some of the differences between credit unions and banks.

The contrast in the PIRG study of fees for a range of services is quite striking. Need to stop payment on a check? The average fee at a bank is \$13.57 while credit unions charge \$3.01. Covering an overdraft check? The average bank fee is \$14.43 while the average credit union charges \$5.52. "No fee" checking? The bank average is a \$2.94 monthly charge with 9 free checks and then 20¢ per check. The credit union average is 27¢ monthly charge with 19 free checks and then 1¢ per check. Some difference.

"The bankers still have their hands buried deep in our wallets," stated Ed Mierzwinski, Director of the PIRG Consumer

Program. "Consumer bank fee increases once again defied gravity, rising at twice the inflation rate from 1993 to 1995." Mierzwinski cited the rising cost of an interest-bearing NOW checking account. In 1990, a consumer had to leave a \$135 balance in his interest-bearing NOW checking account to cover fees. By 1993, that had risen to \$725. By mid-year 1995, the required balance had reached \$1,123.

Then there are the rates for savings and loans. According to June 1995 figures, banks charge 9.56% for new car loans while credit unions charged 8.49%. Banks charged 18.21% for credit card loans and credit union charged 13.14%. For savings, banks paid 4.92 on a one year certificate and credit unions paid 5.97%. The numbers go on and on in that fashion. It is no surprise

that educated consumers often choose credit unions as their primary financial institution.

The reason for this difference lies in the different structures and purposes of banks and credit unions. Banks are businesses created to make money from their customers and give it to their stockholders. Credit unions are member-owned financial cooperatives which exist to provide services. Any money earned beyond the cost of operation just goes back to the members, usually through lower interest on loans, higher interest rates on savings, or lower service fees.

There are times for banks, of course. Credit unions serve individuals but most don't serve businesses. If you are a corporation seeking a line of credit, a business wanting a loan to build inventory or developer seeking a

Fee Type	Average bank fees (including O/n/o fee)	Average credit union fees (including O/n/o fee)
Non-sufficient funds/NSF (for check returned)	\$18.03	\$13.05
Overdraft (for check covered)	\$14.43	\$5.52
Stop-payment	\$13.57	\$3.01
ATM Issuance	\$1.33	\$.65
Annual ATM	\$4.43	\$.63
Cashiers check	\$2.86	\$1.31
Money order	\$1.79	\$.84
Certified check	\$6.02	\$1.85

1 Source: Shearsonoff Information Services, Inc. Pricing Financial Services 1994
2 Source: CUNA Marketing Research, Credit Union Fee & Account Structure Survey

few million to construct a new subdivision, credit unions won't be much help. If, however, you just want a car loan, a checking

account, an ATM card or other individual services, you might want to look into a credit union.

The Value of Credit Union Membership

More than 67.4 million people belong to over 12,000 credit unions in America. As members, they are owners of not-for-profit cooperatives. For over ten years the American Banker survey of consumers has shown credit union members more satisfied with their financial services than bank customers.

Because credit unions are cooperatives, they are owned and managed by their members, according to Ken Bixby, President and Chief Executive Officer of the Michigan Credit Union League, the trade association for almost 500 Michigan credit unions. There are no "stockholders." Credit unions are not banks. They are different from all other institutions. They pay good dividends, and at the same time extend credit more freely—because they know their borrowers—often at lower cost than any other source of consumer financing.

Members make the credit union succeed. Hundreds of thousands of members play an active role in credit unions as volunteers. They serve on a voluntary basis by giving their time to meet the needs and requirements of their fellow members, not to make money off them. Credit unions are for everyone. As owners, members can accomplish solid and significant results that can affect the lives of every member of the group.

one-member, one-vote basis. Officers and directors are chosen from the membership and serve on a voluntary basis. And once a member, you're not only a member of the credit union, but part of a national financial system. The credit union does not stand alone. It is joined by some 88 million members of 12,500 credit unions throughout the United States and 37,000 credit unions throughout 87 countries.

SERVICES AVAILABLE

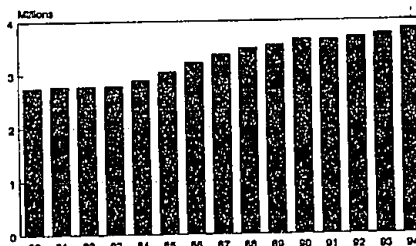
A wide range of services is available in many credit unions. Credit union savings help people meet their financial goals, and credit union checking accounts often earn interest. They often have low or no service fees or minimum balances (see chart below). And members' savings accounts are insured up to \$100,000 by the National Credit Union Share Insurance Fund (NCUSIF), which has never had to take a penny of tax payers' money. Many credit unions offer many services including credit cards, home mortgages, loans of all types and automatic payroll deduction for loan payments, checking

and savings deposits.

WHO CAN JOIN A CREDIT UNION?

While credit unions are for everyone, not all credit unions are for everyone. Most are associated with the workplace, but others are affiliated with professional, civic, fraternal, or cooperative groups, with churches, or with labor unions. How can you find a credit union? Check with the personnel department where you work, or with your church, professional organization, or labor union. You can also call the Michigan Credit Union League at 1-800-474-JOIN. And once a member, you're a member for life, even if you move or change jobs.

Number of Members Michigan Credit Unions



FACTS ABOUT CREDIT UNIONS

(Statistics based on 1994 year end NCUA call reports)

Membership: Michigan credit unions have 3.8 million members, which means more than one out of every three Michigan citizens is a credit union member. Nationally, over 67.4 million Americans belong to a credit union. To find out about joining a credit union, call 1-800-474-JOIN.

Assets: In the past decade, assets held

by Michigan credit unions have grown from \$4 billion to over \$14.8 billion. Across the nation, credit union assets have reached over \$298.9 billion.

Insurance: All Michigan credit unions are insured by the federal government up to \$100,000 per member account through the National Credit Union Share Insurance Fund (NCUSIF) administered by the National Credit Union Administration (NCUA). The credit union insurance fund is the safest of all federal deposit insurance programs. It is fully funded by the credit unions themselves and has never needed, accepted or borrowed a cent of taxpayer money.

Loans: Although each Michigan credit union establishes a loan policy tailored to the needs of its members, certain general trends are evident. Only one half of one percent of loans from Michigan credit unions can be classified as "commercial" in nature. Over 96% of the loans are small consumer loans, auto loans and mortgage loans. At the end of 1994, Michigan credit unions had outstanding loans exceeding \$8.9 billion.

Savings: Savings in Michigan credit unions total over \$13.1 billion. Nationally, over \$263.6 billion are on deposit in credit unions.

Diversity: Credit unions continue to reflect the diversity of American society. In Michigan, the largest credit union serves over 100,000 members while the smallest serves less than 100. At the end of 1994 Michigan had 531 credit unions.

Uniqueness: Credit unions are not-for-profit, member-owned financial cooperatives organized solely to meet the financial needs of their members. Directors serve without compensation and more volunteers work at Michigan credit unions than do either full-time or part-time employees. Credit unions are the consumer's alternative to the for-profit, commercially based, stockholder owned and controlled banks and thrifts.

WHO OWNS THE CREDIT UNION?

The members do. Once they deposit money in the credit union, they become a member and a shareholder. Eligible members can then vote for the credit union's board of directors on a

You can join Credit Union ONE no matter where you work, no matter what you do for a living. Celebrate International Credit Union Week October 15-21 by joining our membership today! As a member, you'll have access to a complete range of financial services ranging from savings and checking

accounts, CD's, IRA's and low cost loans, including mortgages. Not only is Credit Union ONE easy to join, we help make your money work harder. Join the thousands of people who enjoy the advantages of membership at Credit Union ONE. Call or visit the office nearest you for full details.

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International Credit Union Week October 15-21

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• Royal Oak 810-538-5010
• Shelby Twp. 810-254-5569
• Southwest Detroit 313-549-0080
• Sterling Heights 810-978-7101
• Troy 810-877-5600
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What makes you so special?

To your friends and relatives, it could be just about anything - your dimples, those freckles on your nose, the way you use your hands when you talk.

We like those things about you, too. But when you belong to a credit union, you're special for an entirely different reason. You're a member, the keystone of our business. Every product we offer, every service we provide, is carefully crafted to meet your unique needs. You can expect a degree of personal attention and a dedication to your

satisfaction far greater than you'd receive at any other banking institution. Because your credit union isn't simply a place you bank. It's where you belong.

This message prepared on behalf of credit unions by

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