

Is a bank or a credit union the best deal for you?

By MICHAEL KELLY
In the last year consumer advocates and business analysts have been warning consumers

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about rising fees and other consumer costs at banks. Often, they advise joining a credit union instead of doing business at a bank. Why? Isn't a credit union just like a bank?

In short, the answer is no. For most people, most of the time, credit unions are a much better deal than banks. A recent study by the Public Interest Research Group (PIRG) on fees starkly demonstrates some of the differences between credit unions and banks. Need to stop payment on a check? The average bank fee is \$14.43, while the average credit union charges \$5.52. "No fee" checking? The bank average is \$2.94 monthly charge with 9 free checks then 20¢ per check. The credit union average is a 27¢ monthly charge with 19 free checks and then 1¢ per check. Some difference.

An explanation may be that the banking industry has been reporting record profits in recent years and, according to a recent survey by the Conference Board, top banking industry executives are now the highest paid executives in the nation (with a median salary of \$953,000 a year).

"The bankers still have their hands buried deep in our wallets," stated Ed Miorzinski, Director of the PIRG Consumer Program, "Consumer bank fees increase once again defied gravity, rising at twice the inflation rate from 1993 to 1995." Miorzinski cited the rising cost of an interest-bearing NOW checking account. In 1990, a consumer had to leave a \$135 balance in his interest-earning NOW checking account to cover fees. By 1993 that had risen to \$725. By 1995, the required balance had reached \$1,123.

Then there are loan and savings rates. According to 1995 figures, banks charged 9.58% for new car loans while credit unions charged 8.49%. Banks charged 12.1% for credit card loans and credit unions charged 13.14%. For savings, banks paid 4.92% on a one year certificate and credit unions paid 5.97%.

The key reason for this contrast is the different 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 cooperative which exist to provide service. Any money earned beyond the cost of operation just goes back to the members, usually through lower interest rates on loans, higher interest rates on savings or lower service fees.


There are times for banks, of course. If you are a corporation seeking a line of credit, a business wanting a loan to build inventory or developer seeking few million to construct a new subdivision, credit unions won't be much help. But if you just want a car loan, a checking account, an ATM card or other individual services, a credit union is probably the best deal for you.

Five ways to join a credit union

- If you already belong to a credit union, you know about the exceptional financial service and value you find there. If you or your friends and family don't belong to a credit union, but would like to, here's how to find a credit union to join:
1. **Ask the boss.** Often you'll find that the company where you work offers access to a credit union. Many employers offer direct deposit of part or all of your paycheck to the credit union. This service helps you save regularly, make efficient deposits to your checking account and even make loan payments.
 2. **Poll your family mem-**

- bers. If your employer doesn't sponsor a credit union perhaps your spouse's employer does. Or a parent brother, sister or child might work at a company offering a credit union. Most credit unions allow credit union members' families to join the credit union also. Different credit unions may define "family" differently though. At some, members of your immediate family — spouse, parents, and children — are eligible. At other credit unions, family may include extended family members like cousins, uncles and aunts.
3. **Quiz the neighbors.** Many credit unions have a "community" field of membership serving a region defined by geography rather than by employment or some other association. Ask friends in the community if they know of a credit union you may join.
4. **Read the yellow pages.** Look in the Yellow Pages under "Credit Unions." You may be surprised to find some credit unions near where you live or work. Call to see if you are eligible to join. Sometimes a credit union that originally served only employees of one company has since extended its field of membership to other companies.
5. **Call 800-474-JOIN.** The Michigan Credit Union League offers a service to help you find a credit union by calling (800) 474-JOIN. You'll hear an electronic message that asks for some information that will help find a convenient credit union you are eligible to join. You'll then receive additional information in the mail.

Credit unions are for every one, but the law places some limits on the people each particular credit union may serve. While most Americans are eligible to join a credit union many don't realize it.



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