

August 2016

The Advantages of Banking with a Credit Union

Life is a financial journey.

Can I get a good-paying job? How do I afford college? Apartment or house? Can we take the kids to Disneyland? Will I ever be able to retire? On and on and on it goes, for 60 or 70 years.

Most people need a little help and turn to a bank or credit union for that assistance. But which is the better choice?

While banks are for-profit outfits with a mission to maximize returns for their stockholders, credit unions are member-owned, not-for-profit institutions. They do make money, but everything after overhead expenses goes back into the credit union. And that usually means better deals for members.

For example, credit unions generally offer lower interest rates on credit cards and loans than banks. The average interest rates on four-year and five-year [new-car loans](#) at a credit union were a full 2 percentage points less than what banks were charging in March 2016, according to the [National Credit Union Administration's statistics](#). That can save you hundreds of dollars in interest over the life of a loan.

You can also get mortgages and [home equity loans](#) at a credit union, often at a lower cost and with greater ease than at a big bank. National banks make a decision on a loan application after looking at your credit score and how you rate in certain financial categories. Credit unions, though, have a specific mandate to provide their members, especially those of modest means, with [access to credit](#). Because of that, they are more likely to work to get loan requests approved, even when a member's credit history is less than perfect.

As a result, approval rates for both personal loans and for small business lending are higher at credit unions than among other financial institutions.

For basic banking needs like checking and savings accounts, credit unions often outperform the big banks by offering checking accounts that don't charge maintenance fees and don't have minimum balance requirements. Deposits up to \$250,000 are insured by the National Credit Union Administration.

While some people gravitate toward big national banks because of the perception that they have broader reach than community-based financial institutions, many credit unions belong to a nationwide network of branches and ATMs, such as CO-OP Financial Services. Even if you're traveling, you can find an ATM in the network so that you'll never pay a surcharge.



In the past few years, credit unions have invested heavily in mobile and online services to make banking easier for their members. [All of the features](#) that the big banks offer through their apps are available from credit unions, including remote deposit capture. You can locate a network ATM, transfer money and set alerts for low balances and bill payments. Many are adding mobile payment platforms to enable you to make payments from your smartphone.

The independent American Customer Satisfaction Index compares banks and credit unions on the basis of expectations, quality, value, loyalty and complaint rates. In a 2015 survey, [81% of credit union members](#) were satisfied with their financial services, compared with 76% of bank customers.

Can you get in on this? Almost surely. While some credit unions have small, tightly defined memberships, others open their arms wider. For example, at San Francisco Federal Credit Union, anyone who lives, works, attends school or worships in San Francisco or San Mateo counties can open an account or apply for a loan.

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About San Francisco Federal Credit Union

San Francisco Federal Credit Union has been serving San Francisco since 1954. Today, anyone who lives, works, worships or attends school in San Francisco and San Mateo counties may apply for membership. We currently serve more than 40,000 members with assets over \$1 billion. San Francisco FCU is federally insured by the National Credit Union Administration and is an Equal Housing Lender. Our corporate office is located at 770 Golden Gate Avenue, San Francisco, California 94102. [SanFranciscoFCU.com](#)