Need a better bank? Join a credit union

by Ryan Deuschle 5 pm, February 19, 2015

Editor’s Note: Ryan Deuschle is a community ambassador for the Credit Union of Colorado. This is a volunteer position, looking for ways that the credit union can reach out and be a part of the community. This specific credit union is for Colorado Public Employees which to the writer’s knowledge, includes CSU employees and students.

Banking is a fact of life, but what kind of organization you bank with is a choice that you can make, and it matters. The two most popular forms of personal banking are credit unions and commercial banks.

Credit unions are a form of bank that is collectively owned by its members and acts in the interest of its members. Usually they are formed around particular groups of people that share an occupation. Some examples are: public employees, Coors employees, security workers and police. They work to bring you lower loan rates, higher interest rates on your savings and work to take care of your money and your interests. When you open up an account at a credit union you start what is called a share account, that’s just like it sounds, each dollar is a share in the credit union ownership. You can also open up checking accounts, credit cards and other saving instruments like Cash Deposits (CDs).

Credit unions can make loans at the lowest interest rates because they are not out to make a profit. They still charge interest to cover costs and credit union objectives, but that’s it. You get to keep more of your money. Another benefit is that credit unions encourage you to pay off your loan early, usually without any penalty. If you are under financial duress, credit unions are often willing to work with you and some even advertise being able to skip a loan payment for these circumstances. This is to help you, as the member, do better financially.

Conversely, commercial banks aim to make money and they are happy to take yours. They often not only exploit your deposits to loan overnight to other banks but they may exhibit aggressive policies towards charging you fees. They often market loans and credit cards to people whether they need them or are even capable of paying them back. Commercial banks work to charge as much interest as they can and they will often charge fees or not allow early payoff of loans because it hurts their profit. They work for their interests, not yours. However, not all commercial banks are equally aggressive, if you want to bank with a commercial bank,
sticking to local banks that are more responsive to their customers and their community tend to provide a more positive experience.

Your money is insured in both credit unions and commercial banks. A credit union is protected by the National Credit Union Administration (NCUA), insurance that works in a similar way to the Federal Deposit Insurance Corporation (FDIC). It all means that your money up to $250,000 per account is safe in a credit union, just like a commercial bank.

Credit unions are populist organizations that are by their members, for their members. They will typically give you the best deals on loans and be responsive to you and your communities needs and best interest. Commercial banks are private businesses that are out to make a profit. Their interest is in making a profit regardless of the outcome for individuals and communities.

As students we need to make our money stretch. Credit unions will help you do this. As students at CSU you are eligible to join the Credit Union of Colorado, Elevations Credit Union which allows all people in Larimer Country to join and Anheuser-Busch Employees Credit Union which welcomes “all residents of the United States to apply.” You can also join other credit unions by meeting requirements of their individual charters. One way is to make a small (usually $10) donation to their credit union foundation which then allows you to join, if you have a family member who currently banks with a credit union this may allow you to open an account there and finally some employers have relationships with a credit union that makes you eligible for membership. Here in Fort Collins, Public Service Credit Union and Warren Credit Union fall into this category. All have branches here in Fort Collins.

Whether you choose to bank with a credit union or a commercial bank, be sure think hard about the roles that it will play in your life, your community, and whose interest they represent.

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