

Credit Unions Rate Favorably Against Big Banks

Lots of people fed up with high fees have made the move from big banks to credit unions. There's even a national Bank Transfer Day. But what's the real difference between the two?

Credit unions are member-owned-and-operated, not-for-profit organizations. When you join one like [Connected Credit Union](#), you become a shareholder and therefore have some say in how things function. Here are five qualities that set credit unions apart from for-profit banks.

1. Save more

Although the savings vehicles offered are quite similar, rates can vary considerably. Just as at banks, money held in federally insured credit union accounts is backed for up to \$250,000. But savings at credit unions often earn better returns than money deposited in similar accounts at banks. Of all savings and certificate accounts that provided a return that beat inflation, NerdWallet research shows that [90%](#) were at credit unions.

2. Better loan rates

Credit unions have historically offered lower loan rates than banks. According to the most recent U.S. averages from the National Credit Union Administration, or [NCUA](#), when it comes to [auto loans](#), you may spend significantly less, with interest rates of nearly [half](#) those at banks.

3. Free checking

Credit unions are more likely to offer free checking with fewer stipulations. Worried about meeting a minimum balance each month, overdrawing or being able to keep up with direct deposit requirements? Credit unions tend to have fewer fees, and on average charge 20% less for overdrafts than the biggest banks.

4. Benefits for students

At a credit union, you're treated as part of the community. Some even offer [scholarship opportunities](#) for college. If you're young and looking to open an account, or if you're a parent with teenagers at home, credit unions can offer great resources to connect students to financial tools specifically geared to their needs.

5. Pervasive access

Just because you're banking small doesn't mean you won't have access to some of the benefits often associated with big banks. Credit unions are on the digital/mobile train, and many offer [mobile apps](#) that include the ability to remotely add checks to accounts. Many also participate in broad ATM networks that feature thousands of cash machines that members can use for free. The [Co-Op](#) Shared Branch network provides more than 5,000 locations with live teller service for members of affiliated institutions and almost 30,000 surcharge-free cash machines nationwide. That's comparable to the number of free ATMs run by major banks.

Since credit unions aren't concerned with producing profits for private shareholders as most banks are, the effects trickle down to members in the form of fewer fees, lower loan rates and

higher yields on savings. Plus, members are likely to get personalized service, with more accommodations for specific financial needs.

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