**Who Can You Trust with Your Money?**

If you spend more than a few minutes a day watching television, listening to the radio, reading the newspaper or surfing the internet, you've undoubtedly been bombarded with advertisements from a dizzying array of companies that are now offering banking services. Insurance companies, credit card companies, and seemingly thousands of new credit unions are popping up every day. Everyone wants to feel secure with the financial institution they use and it’s important to do your research before choosing the right institution for you.

**Who Can You Trust?**

In the United States, banking regulations are stringent. In order for any entity to call itself a bank, it needs to carry a banking license. Issuance of a banking license requires FDIC approval, and the entity must show a capital reserve sufficient to meet a regulatory threshold. This minimum varies by state. Additionally, there are restrictions and requirements relating to the number and residence of shareholders.

Some jurisdictions outside the U.S., often called "tax havens", do not have such requirements and regulations. Banks in these places are the ones you hear about on the news, referred to as "offshore accounts". As a general rule, these offshore entities are neither desirable nor accessible to the average American banking consumer.

**Banks versus Credit Unions**

A bank is a for-profit corporation with profits paid to shareholders. Customers of a bank have no ownership interest in the bank and they do not have voting rights or any say in management or operation of the bank that is holding their money.

Credit unions are not-for-profit entities. Their customers are called members and each member has one vote in electing board members. Any member, regardless of the amount of money they have on deposit, may run for election. The profits of a credit union are paid back to members. Consequently, the interest rates paid on savings are generally higher, and interest rates charged on loans are generally lower than at a bank.

Deposits at both banks and credit unions are federally insured up to $250,000. Credit unions are insured by the NCUA (National Credit Union Administration), which is a branch of the federal government backed by the U.S. Government. Banks, on the other hand, are insured by the FDIC (Federal Deposit Insurance Corporation), which is also a branch of the federal government and also backed by U.S. Government.

Banks make most of their money by making large loans. The larger the loan, the greater the opportunity to profit. Obviously, corporations borrow more money than individuals, so banks tend to be more focused on attracting and maintaining companies as their customers.

While anyone can open an account at a bank, credit union membership requires some sort of affiliation. Membership may be open to all people living in a certain county, or anyone who works in a specific industry, attends a particular school or worships at a particular church. Once you are a member, you are qualified to remain a member even if the original affiliation no longer exists. In other words, if you qualify for membership based on the field in which you work, but then you change jobs, you do not have to close your account.

Credit unions generally have fewer and lower fees for their services, pay better interest on savings, charge lower interest on loans, and because of their relatively small size they tend to have better customer service.

Banks, on the other hand, offer a wider array of services, better ATM access, and better credit card reward programs.

Both banks and credit unions will provide a safe haven for your money as both are insured up to $250,000 and both are federally regulated and overseen. Whether a bank or a credit union is the best choice for your needs is ultimately a personal decision.