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Why Should I Trust My Finances with a Credit Union?

By Makenzie

As we grow older, our finances will be growing too. It is hard for someone young, perhaps in highschool or college, to decide who to trust and where to go with their finances and who can meet their requests. Each member holds a different set of personalized needs, needs that must be fulfilled by a financial institution. Everyone just beginning their economic journey, whether they are 16 or 60, has the same question: Where do I begin?

Perhaps the client may know the difference between the two financial institutions, but in the vast majority of cases, one will hear "Is there a difference?". And there is, indeed, a major difference. The choice comes down to a bank or a credit union. Though there are many factors that differ between the two, the main focus point is that banks are owned by shareholders, whereas a credit union is "owned" by its members.

Let's start with banks. In a bank there are shareholders who work "behind the scenes". Shareholders are not always going to do what's best for the community, but rather for what will be in their pocket at the end of the day. These shareholders are very cunning in how they appear. A bank uses many different incentives to lure in customers and to attract attention to the bank. The incentives are profit driven and are put together to bring in more money than what's going out. It's sort of like when you are shopping and see a 50% sign and then notice in the fine print it says "when you buy a second item". And in a bank's case, their high rates are that second item.

The most common rope is free money with membership, and though they may give the customer that money at first, they will be paying it back and then some in the future. Over time banks will charge higher rates on loans, and lower interest rates on savings accounts. The customer may be uninformed of just how high these rates really are. Instead, they will remember that free \$100 they got 20 years ago and brush it off their shoulders. Banks offer the same things as credit unions but they typically have higher service charges.

Banks of course are not all bad, but when you compare them to a credit union's benefits, you will wonder why you hadn't made the switch to a credit union sooner.

Credit unions have a very different structure than your typical bank. Credit Unions are run by a volunteer board of directors that make sure that the institution is running properly, financially secure, and in the best interest of its members. At credit unions, the customers are referred to as members because they are seen as much more than an income. Credit unions, similar to banks, may offer incentives for joining but with a credit union these incentives are not to entice you to give more money, but to join and see the benefits of a credit union. Because credit unions are non-profit, all the money earned from loan rates and other necessary fees, get recycled back to the members!

Credit unions can afford to have higher interest rates on certain savings accounts, lower loan rates, and lower service charges because the administration is not creating a profit. At a

credit union they have to conduct daily operations, pay employees, have room for renovation and that means creating a balance between money for the institution to prosper and money for the member's benefit. This money is also used to create innovative programs to keep members active in their credit union and also in their community. You can compare money going into a credit union to plastic that can be recycled over and over again. The money you put into a bank you can think of more as... styrofoam.

My name is Makenzie and I am a Student Volunteer at Meadville Area Senior High School and I have also worked at ONE Federal Credit Union in Meadville. If I am being honest, 3 years ago if you asked me the difference between a credit union and a bank I would've probably stared blankly at you. Throughout my experience, I have grown to realize how important it is to choose the correct place for your finances to be handled, and why. I have worked hands-on throughout all areas of the credit union and in doing so, I have seen the difference for myself. Some are not as fortunate as I, to be able to see this first hand. I believe it is very important for everyone to be informed on why their credit union could save them money and benefit the community.