



CHOOSING A FINANCIAL INSTITUTION

Banks vs. Credit Unions

Financial Institution: a company or organization that deals with financial transactions such as deposits, investments, loans and currency exchange.

- ▶ Banks, Credit Unions, Savings & Loans Associations, Investment Companies, Brokerage Firms, and Insurance Companies are all considered to be Financial Institutions.

SIMILARITIES BETWEEN BANKS & CREDIT UNIONS

Most banks and credit unions offer similar services:

- ▶ Chequing & Savings Accounts
- ▶ Loans
- ▶ Foreign Exchange Services
- ▶ Credit & Debit Cards
- ▶ Digital/Mobile Banking Services

DIFFERENCES BETWEEN BANKS & CREDIT UNIONS

Ownership & Regulation:

Banks

- ▶ Federally-Regulated
- ▶ For Profit
- ▶ Owned by Stockholders & Investors
- ▶ Not limited in who their customers can be as long as they have a good financial history and meet all legal requirements

Credit Unions

- ▶ Provincially-Regulated
- ▶ Not-For-Profit
- ▶ Owned by Members
- ▶ Membership is usually centred around a common bond such as living in a community, working in the same industry or sharing the same religious faith
- ▶ As a credit union member, you get an equal vote in choosing local members to sit on the board and in major decisions about how the credit union is run

Products & Services

Banks

- ▶ Large institutions with branches spread throughout Canada
- ▶ Often able to provide a wider selection of each of their products and services than a credit union
- ▶ May have higher service fees so the bank can make a profit

Credit Unions

- ▶ Local institutions with branches spread throughout several communities within a province
- ▶ Able to offer many of the same products and services as a bank but may not have the same wide range of options that banks offer
- ▶ May have lower service fees than banks
- ▶ Are collaborative and often work with other credit unions to share resources and provide services to their members

Customer Service

Banks

- ▶ Offer a wide network of branch locations across the country
- ▶ Offer multi-lingual 24/7 support through the use of call centres
- ▶ Are often able to provide longer and more convenient business hours
- ▶ Service is often rooted in convenience and self-service while personalized care and attention is often limited to large corporate clients

Credit Unions

- ▶ Generally limited to a smaller area or province
- ▶ Often have fewer off-hours resources for support
- ▶ Often have shorter business hours
- ▶ Their small, local nature allows them to build relationships and provide personalized service to each of their members

Security

Banks

- ▶ Very secure and highly regulated
- ▶ Are required to provide protection for your deposits up to a certain dollar amount in the event they go under or are unable to meet their obligations

Credit Unions

- ▶ Very secure and highly regulated
- ▶ Are required to provide protection for your deposits up to a certain dollar amount in the event they go under or are unable to meet their obligations
- ▶ In Alberta, all credit unions are 100% Guaranteed so 100% of your deposits and the accrued interest are fully protected and guaranteed

Values

Banks

- ▶ Exist to make money
- ▶ Provide valuable banking services to Canadians
- ▶ Measure success by how much profit they make each quarter

Credit Unions

- ▶ Exist to serve their members
- ▶ Provide valuable banking services to Canadians
- ▶ Improve their local communities through volunteering and charitable contributions
- ▶ Most credit unions also pay their members a dividend or share of their annual profits at the end of each year

CHOOSING A FINANCIAL INSTITUTION

How do you choose? Think about what you want from your financial institution. Here are several factors to consider when choosing a financial institution:

Location

- ▶ Is there a branch near your home or work that you can easily access?
- ▶ Are their hours of operation compatible with your lifestyle and schedule?
- ▶ If you travel, will you have access to banking services when you are away from home?
- ▶ Is in-person banking important to you or will you do most of your banking online?

Products & Services

- ▶ What kinds of accounts and services will you want to use?
- ▶ What financial institutions offer products and services you are interested in?
- ▶ What are the fees related to the services and which financial institutions offer the services you need at affordable prices?
- ▶ Which financial institutions offer banking solutions that will simplify your life or be convenient for you to use?

Values

- ▶ What is important to you?
- ▶ Are those values reflected in the marketing and mission of the financial institutions you are considering?

Customer Service

- ▶ Which financial institutions make you feel welcome and comfortable?
- ▶ Is customer service important to you?
- ▶ Do you prefer an in-person banking experience or one where you do most of your banking yourself online or at ATMs?

Take the time to research your options in person and online and consider what is important to you.