



What Is a Credit Union? Part 2: Lower Fees

Getting tired of all the high fees at your commercial bank? Joining a credit union is the best way to get all the same services but with the added benefit of big savings on interest rates and service fees. If you're wondering how credit unions can pull this off and continue to outperform commercial banks year after year, we have created a three-part series to break down how a credit union works. Read [part one](#) to learn more about competitive interest rates on loans at credit unions. With lower fees at [your local credit union](#), you can achieve your financial goals without unnecessary roadblocks in the way.

How Do Credit Unions Work?

Credit unions are not-for-profit institutions whose goal is to bring financial wellness to their communities. They are member-owned and operated. To join, you must first meet the criteria to [become a member](#) and make a one-time deposit. Then, you can begin to reap the benefits of these cooperative institutions, including the lower fees. Credit unions use their nonprofit status to put their members first and offer better savings.

Fewer & Lower Fees

One of the most attractive ways credit unions save their members money is by offering fewer service fees at a lower price tag. Some of the fees you may encounter at traditional big banks include:

- Overdraft Fee
- ATM Fee
- Loan Fees
- Monthly Checking Account Maintenance Fee
- Cashier's Check Fee
- Transfer Fee
- And more.

While credit unions may have similar fee structures as banks, consumers often find that the fees assessed by their credit union are much lower. Historically, the number and type of fees charged by credit unions are significantly less than those charged by banks.

Saving Money

The advantage credit unions maintain over banks is that rather than paying shareholders, any profit a credit union makes is turned into member benefits. In fact, a [recent study](#) from early in 2022 confirmed that credit unions' overdraft protection fees are "roughly half of banks' rates." Another clear example of credit unions' lower fees can be seen with ATMs. Credit unions often won't charge an ATM fee when you stay within their network. Because credit unions band together, their large [ATM networks](#) have enough convenient locations to never have to worry about finding an ATM near you or paying that pesky ATM fee. Over time, avoiding these seemingly small fees can add up to big savings for happy members at credit unions.

For individuals that find their bank's fees taking up a large part of their paycheck, it may be time to consider switching to a credit union. The personal customer service, helpful attitude, and lower fees at [your local credit union](#) often can't be beat by commercial banks. Find out if becoming a member is the right choice for you by contacting a credit union in your area!