

Bank and Credit Union Accounts:

Frequently Asked Questions



What is the difference between a bank and a credit union?

- Banks and credit unions are two types of financial institutions that are permitted by state or federal law to hold money for individuals or businesses. People open accounts at banks or credit unions so they have a place to safely store their money. They can then use the money in that account to make purchases, pay bills, send or receive money electronically, and depending on the type of account, withdraw cash or write checks. Banks and credit unions may also provide other financial services such as issuing loans or credit cards.
- The main difference between banks and credit unions is that while banks may accept deposits from anyone, credit unions only accept deposits from their members. You may qualify for membership in a credit union based on where you live or work, or through association with an organization like a school or place of worship.



Why should I open a bank or credit union account?

- You will have the ability to allow “direct deposits” into a checking or savings account at a bank or credit union. This means you may request that tax returns and certain other funds issued by the government, like unemployment payments, are electronically sent to your account, without having to wait for a check to arrive in the mail. Many employers also offer direct deposit for paychecks.
- You will spend less of your money on check-cashing fees if you have a checking or savings account. Most banks and credit unions will cash your check for no charge if you have an account with them.
- You will establish a relationship with the financial institution. This relationship may provide you with access to other financial services offered by the bank or credit union, such as special offers on loans and credit cards. Some institutions also provide free financial education courses or credit score monitoring for their customers.
- See the [Top Reasons To #GetBanked](#) on the website for the Federal Deposit Insurance Corporation (www.fdic.gov/getbanked) for more reasons to consider opening an account at a bank or credit union.



Is my money safe in a bank or credit union account?

- Consumer checking, savings, and other deposit accounts at all banks and credit unions are protected by standard federal deposit insurance of up to \$250,000 per account. Bank accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) and credit union accounts that are insured by the National Credit Union Administration (NCUA) are backed by the United States government. If something were to happen and the financial institution had to cease operations, the FDIC or NCUA makes sure that your money remains available to you. Your funds are safe in an FDIC or NCUA insured account.
- Consumer checking, savings, and other deposit accounts at all banks and credit unions have certain fraud protections. There are many federal and state laws that protect you against fraud and unauthorized transactions. If you notify the financial institution of the suspected fraud in a timely manner, you may be fully protected from loss. Government agencies at both the federal and state level monitor bank and credit union activities to ensure that the institutions are complying with these consumer protection laws.



How do I choose the right bank or credit union account for me?

• Ask yourself these questions:

◦ **Is the institution federally-insured by the FDIC (if a bank) or the NCUA (if a credit union)?**

This information should be easy to find on the institution's website or promotional materials. If you are considering joining a credit union, also make sure you meet the membership qualifications.

◦ **Is it important that the bank or credit union is in a convenient location to you? Do you prefer to conduct your financial business virtually?**

Look at a map of branch locations and check to see what type of transactions the institution will allow you to do online or over the phone.

◦ **How much money does it cost to open an account at the institution? Will the institution charge account fees, and how much are those fees?**

Do not commit to a bank or credit union if their fees are unaffordable for you, especially if you would be in danger of spending more money in fees than what you could reasonably maintain in your account. Financial institutions may charge additional fees if you continue to use your account when there is not enough money remaining in it (this is called "over drafting").

- If you are unsure about your financial situation or your ability to maintain a bank or credit union account, "Bank On" certified accounts may be an option. [Bank On Maryland](http://www.bankonmaryland.org/accounts) is a coalition of financial institutions, each offering specially-certified federally-insured accounts that are intended to be both affordable and accessible for new account holders. See the Bank On Maryland website (www.bankonmaryland.org/accounts) for more information and to find a financial institution in Maryland that offers Bank On certified accounts.
- See the NCUA's website (link below) for help finding and joining an insured credit union and the FDIC's website (link below) for help finding an insured bank. The "[How To Pick A Bank Account Checklist](#)", also on the FDIC website, has useful information that applies to both bank and credit union accounts.



Where can I learn more about banks and credit unions?

These online government resources provide reliable, trustworthy information about banks, credit unions, and other financial services:

- Federal Deposit Insurance Corporation – *GetBanked* (www.fdic.gov/getbanked)
- National Credit Union Administration – *MyCreditUnion.gov* (www.mycreditunion.gov)
- Office of the Comptroller of the Currency – *HelpWithMyBank.gov* (www.helpwithmybank.gov)
- Consumer Financial Protection Bureau – *Consumer Tools* (www.consumerfinance.gov/consumer-tools)
- Maryland Office of Financial Regulation – *Consumer Resources* (www.labor.maryland.gov/finance/consumers)



Office of Financial Regulation
Maryland Department of Labor
100 S. Charles Street, Tower 1, Suite 5300
Baltimore, MD 21201
financial.regulation@maryland.gov | 410-230-6100
www.labor.maryland.gov/finance

Antonio P. Salazar,
Commissioner of Financial Regulation
Portia Wu, Secretary of Labor
Aruna Miller, Lt. Governor
Wes Moore, Governor

