

## Credit Unions: Myths vs. Facts

There are numerous misconceptions about credit unions. The truth is, credit unions play an essential role in the personal finance ecosystem, and offer real benefits to families, small businesses, and communities.

Here are some common myths about credit unions — and the facts that everyone should know:

**Myth:** Credit unions are just like banks.

**Fact:** Credit unions are [not-for-profit, member-owned financial cooperatives](#). While banks are for-profit institutions beholden to shareholder demands and quarterly returns, credit unions are owned by their members and exist to serve their members. Credit unions return their earnings to members through lower loan rates, higher savings yields, reduced fees, and even cash dividends. Credit unions' not-for-profit structure allows them to focus on the financial well-being of their members and communities.

**Myth:** Credit unions are only for certain people.

**Fact:** Credit unions were founded by groups united around a common bond, such as [employment, community, work, or worship](#), but today credit unions are generally accessible to anyone who wants to join. Credit unions serve more than 140 million people in every community across the United States. If you value cooperative, community-focused financial services, you can find a credit union that meets your needs.

**Myth:** Credit unions are not as secure as banks.

**Fact:** Checking and savings accounts at credit unions are covered by federal deposit insurance in the same manner as bank deposits, and in fact a much larger share of credit union deposits are covered by federal insurance programs. Credit unions are likewise subject to rigorous regulatory oversight and consumer protections, [like other financial institutions](#).

**Myth:** Credit unions don't pay taxes.

**Fact:** As not-for-profit financial cooperatives, credit unions are [exempt from federal income tax](#). The exemption ensures credit unions' tax burden remains aligned with their community-focused mission, and allows them to provide better rates and lower fees to members. And, of course, credit unions still pay taxes. Credit unions [pay billions, accounting for \\$36.3 billion in federal and local taxes in 2023](#), and generate billions more in revenues at



every level of government through the economic activity generated by credit union members.

**Myth:** Credit unions play a niche role in the financial industry.

**Fact:** While credit unions represent a smaller part of the financial marketplace than big national banks, their services are unique and vital to families and communities. Credit unions serve over 140 million members nationwide, and place a critical emphasis on reaching [underserved and marginalized communities](#). Credit unions often fill the gaps left when big banks close branches and abandon communities — adding over 950 branch locations since 2020, while banks have closed 8,600 branches during the same period.

**Myth:** Credit unions don't offer modern technology and services.

**Fact:** Credit unions are [constantly reinvesting, innovating, and upgrading](#) to ensure the best possible service for members. They offer innovative financial solutions tailored to their members' specific needs, embracing online and mobile banking technology while maintaining physical branches and emphasizing the human touch in personal finance.

For any future reporting you do on personal finance and financial service trends, we can connect you with Backbone, a growing national coalition of credit unions. Backbone represents credit unions from New York to Alaska with local leaders who can share community-driven stories and perspectives and provide expert insights into consumer behavior and financial well-being.

Contact us at [hello@backbone.us](mailto:hello@backbone.us) to learn more or connect with our leadership.