



## Five Reasons To Switch To A Credit Union Credit Card

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**Interest rate caps.** Federal law prohibits federal credit unions from charging interest rates higher than 18%. For-profit credit card companies, however, have no restrictions on the interest rate that they can levy on account holders.

The average interest rate for cards issued by for-profit institutions is currently 16.7%, according to Credit Card Monitor, though many customers with less than perfect credit pay rates above 20%. If you habitually carry a balance, having a fixed limit on the amount of interest you could be charged could save you thousands of dollars a year.

**Lower interest rates.** The interest charges on credit union issued cards were 20% lower than the same cards issued by banks, according to a study released in October by the Pew Foundation, a nonprofit public interest group. In a survey of 400 cards, the study found that the best advertised rate for credit union cards was 9.9%, while the lowest advertised [bank rate](#) was 12.2%. The highest advertised rate for a credit union card was 13.7%, which again was lower than a bank's 17.9%.

**Lower fees.** The same Pew study found that credit unions levied lower fees and other penalties for their credit card customers than banks. The average credit union customer pays \$20 for paying his bill late or going over his credit limit; at banks, the average penalty was \$39. Banks also charged as high as 21% for a cash advance, compared with a high of 13.7% rate charged by credit unions.

**Credit unions are member-owned.** Every credit union is owned by its members. That means that these institutions do not have the same pressures of Wall Street banks to maximize revenue in order to please investors. Instead, profits on credit cards and other loans go back to credit union members in the form of lower mortgage rates and better savings account rates.

**Increased service.** Seventy percent of credit union members thought that their financial institution put customers' financial interests above of their own, according to a recent survey published by [Forrester Research](#). Fifty-eight percent of regional bank customers had the same positive view toward their financial institution. Wells Fargo had the highest customer satisfaction of any major bank, with a scant 40% positive rating.

The National Association of Federal Credit Unions operates a Web site, [culookup.com](http://culookup.com), which can help you find a local credit union. Each credit union has its own membership requirements.

Some are broad, like the DVA Credit Union, which is open to anyone who lives, works, worships or attends a school in Washington, D.C. Others, such as the Ukrainian National Federal Credit Union, are restricted to members of a religious organization.