MODULE 4

Banks and credit unions

Handout 4-1

Banks and credit unions are places where you can safely deposit your money, cash your cheques, pay your bills, ask for a loan or credit card and use a variety of saving and investment tools. This chart explains the differences between banks and credit unions.

Banks	Credit unions
For-profit corporation	Co-operative financial institution. Primary commitment is to serve their members' financial needs.
Federally regulated by the Bank Act.	Provincially regulated, so there are differences between provinces.
Owned by its shareholders, shares sold on the stock market.	Membership allows you to vote. You can help govern the credit union through the Board of Directors or committees.
There is no membership requirement to open an account.	You must buy a share and become a member first to open an account.
There are both Canadian and foreign-owned banks operating in Canada.	Owned and governed by its members. The common bond of membership varies. It could be: religion, ethnicity, social interest, occupation, employment, or geographic area.
Up to $100,000 deposit insurance through the Canada Deposit Insurance Corporation (CDIC). This insurance means you will get your money back if the bank goes bankrupt. It only covers deposit accounts, not investment products that go up and down in value. Insurance is per person, per financial institution. Joint accounts and registered plans are treated as separately insurable. See the Resources section for a website that lists all of Canadian and foreign banks covered by the CDIC insurance.	Deposit insurance varies by province. It ranges from $100,000 to unlimited. It ensures you will get your money back if the credit union goes bankrupt. It covers only deposit accounts, not investment products that go up and down in value Insurance is per person, per financial institution. Joint accounts and registered plans are often treated as separately insurable. See the Handout 4-2 for a list of provincial credit union deposit insurance limits.