

Finding the Right Financial Institution



Choosing the right bank is an important step. As with any financial decision, it's important to figure out what you want and need beforehand. There are countless banks to consider—some nationwide and some local—and there are also credit unions, which some people opt to use instead of or in addition to banks for their savings and credit needs.

Here are a few things to consider before you open a checking account:

- **Location.** Does the financial institution have branches in the areas where you work and live?
- **Availability of ATMs.** The ATMs owned by your bank won't charge you to withdraw cash, but other banks' ATMs will. Does the financial institution have machines in locations that are convenient for you?
- **Hours.** Do you work during the day? Perhaps you need a financial institution with extended hours'some are even open on Sundays.
- **Customer service.** Do their customer service offerings fit your needs?
- **Online banking.** The Internet has made it very convenient to keep track of your finances online. Find out if the institution you're considering provides [online](#) access to your account.
- **Credit unions are an option.** Credit unions differ from banks in several ways. They're designed to serve a particular group or neighborhood, and users are members rather than customers.

Other Benefits

These days, banks and credit unions are more than just places to keep your money. Many serve as one-stop financial service shops. In addition to checking and savings accounts and credit cards, here are some services and products offered by most financial institutions:

- Credit cards
- Lines of credit
- Personal, business and auto loans
- Mortgages
- Online or mobile banking
- Automatic bill pay
- International banking
- Health savings accounts

- Financial planning
- Investment management
- Health, home and car insurance
- Retirement programs

Having all of these services in one place can provide not only convenience, but also savings. Many financial institutions will offer lower fees and higher interest to customers who use multiple services and products.

Opening a Checking Account

Once you've decided on a specific bank or credit union, you'll want to open a checking account. A good checking account is an essential tool for building solid personal finances. It makes managing your money easier, and over time it will save you money.

- **Convenience.** With a checking account, you can pay bills without heading to the post office or elsewhere to buy a money order or cashier's check—both of which cost money. And you can cash your paychecks without paying fees to a check-cashing company.
- **Keep good records.** With a checking account, you have an official record of every purchase you make with the account, as well as money you receive and deposit. This can come in handy when crafting a budget, preparing for taxes or as proof of payment. Each month you'll get a statement tallying every purchase you've made.

Choosing the Right Account

Most banks and credit unions offer a variety of checking account options. Some are free and others carry a monthly fee. Often the free checking requires that a minimum balance be maintained.

Pay particularly close attention to the additional fees that a bank may charge. The charges are generally small—from 10 cents to several dollars, but they add up. Here are some of the most common fees:

- **Check Fees.** Banks sometimes charge a small fee for each check you write. Some accounts will allow a certain amount for free each month, and then charge for any above that amount.
- **Balance Inquiry Fees.** Some institutions charge you to find out how much money you have in your account.
- **ATM Fees.** If you withdraw cash from an ATM owned by a bank other than your own, your bank could charge you (for a withdrawal outside the system) while the other bank charges you for not being one of their customers.
- **Overdraft Fees.** These are fees banks charge customers who withdraw money from an ATM or make a debit card purchase that exceeds the balance in their account. Under a new law that took effect July 1, 2010, consumers must opt for this service to be charged overdraft fees.

Checking accounts can also earn you money. Some offer interest, just like savings accounts. These can be particularly beneficial if you plan on maintaining a large balance.

How do Banks and Credit Unions Differ?

At one time, credit unions specialized primarily in low-interest loans and savings accounts, but not other services. But most have increased their range of services offered, with many now offering checking accounts, credit cards, student loans and mortgages. Some people opt to maintain savings accounts with

credit unions, since they tend to offer higher interest rates, and a checking account with a traditional bank to ensure they have greater accessibility to ATMs and more. Deciding which type of institution will work best for you is a personal choice. Here are some of the main differences:

Banks:

- Generally run by a group of investors with capital
- For profit
- Federally insured by the Federal Deposit Insurance Corporation (FDIC)
- May offer greater accessibility and a wider range of services

Credit Unions:

- Democratically controlled by members
- Not for profit
- Insured by the National Credit Union Administration
- May offer lower-cost services and higher interest rates on savings

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