

What is the Difference Between a Mutual Bank, a Stock Bank and a Credit Union?

Figuring out what institution you're going to trust to hold your money is an important decision for anyone to make. Whether you choose to open up a savings account and put your money in a mutual bank, a stock bank or a credit union is a decision that is entirely up to you; but it's a decision that shouldn't be made lightly. So what are the differences between these three kinds of financial institutions? Let's take a look:

- A mutual bank is owned by the people who open accounts in them, meaning if you choose to put your money in such an institution, you actually become a partial owner of it. Profits made by mutual banks are passed on to their members via dividends. A mutual bank exists to serve its members, and as such, all customer feedback is taken into consideration. This type of bank is focused on minimizing risk and benefiting the communities they're located in, as that's where all of the owners live.
- A stock bank is publicly traded, generally speaking, and as such is owned by stockholders. Those people may or may not have accounts at those institutions. Of course stock banks want their members to be satisfied. But they exist to serve stockholders first and foremost. The profits that these kinds of banks make are turned over to their shareholders as dividends.
- A credit union is a non-for-profit financial institution. Because of that, they are certainly customer-centric. But there are barriers to membership based on employment status, where you live and other associa-



tions. Credit unions also offer lower interest rates on cards, but they offer low rewards for those who pay balances off in full each month. While some credit unions have access to a robust ATM network, others do not, so it's imperative you do your due diligence prior to joining one to make sure it's the right fit.

The Milford Bank is mutual bank. We believe in providing our members the best services possible, and we're committed to improving the communities we serve. If you're considering opening up a checking or savings account, switching banks or just curious about our bank, please stop by one of our locations. We'd love to have a conversation.