

Could Your Next Stockbroker Be a Credit Union?

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Can a not-for-profit credit union give you the same level of service as a for-profit commercial bank? On many fronts, the answer is a resounding yes.

As I've previously written, credit unions have plenty of features that make them an attractive alternative to America's big commercial banks:

- **Good rates on loans:** As a general rule, credit unions are run for the benefit of their members rather than for the benefit of owner-shareholders. As a result, they're often able to offer low interest rates on credit cards and other loans that few of their for-profit banking peers are able to match.
- **Competitive interest rates on deposits:** Credit unions are often able to easily trump the national average of 0.1% interest paid on savings and money market accounts, despite having less loan interest revenue to work with.
- **Lower fees:** And not for nothing, the majority of America's bigger credit unions have maintained the benefit of "free checking," when very few of America's big commercial banks still offer the service.

But for investors, there's still one big hole in the credit union story: stock trading.

In the competitive, complex world of banking services, it's a reasonable question: Do credit unions offer online brokerage accounts? Is there a credit union out there where you can – as at many big banks – open a checking account at a decent interest rate, sign up for a credit card, take out a car loan, and trade stocks, all in one shop?

As it turns out, there is. Or rather, there are. Quite a few of them, in fact.

Time to Meet the Broker

According to Bankrate.com, there were 7,351 credit unions operating in the United States at the end of 2011, handling nearly \$1 trillion in assets and serving 93.9 million customers.

Now granted, not all of these credit unions offer brokerage services. That's not surprising. After all, not all banks offer online stock trading.

What's actually more surprising is that quite a few credit unions do offer brokerage services, usually by teaming up with outside brokers. [Arsenal Credit Union offers brokerage services through CUNA Brokerage Services.]

...If you're looking for a credit union that's partnered up with a Charles Schwab (SCHW) or E*TRADE Financial (ETFC), you may be in for a long search.

...At least some [brokers] set up shop with the specific intent of targeting the specific market niche of Credit Union customers. ...CUNA Brokerage is a division of Madison, Wis.-based CMFG Life Insurance.

...If you're dead-set against patronizing big banks but don't want to give up on the idea of managing your own retirement portfolio – you may not have to. There are options out there for people who'd like to switch to a credit union but who also want to keep trading stocks, mutual funds, and ETFs. You just have to know where to look...