

slightly higher rates than commercial banks on deposits and somewhat lower rates than commercial banks on loans.

3. **Credit unions** are nonprofit organizations that are owned by their members. They can sometimes offer higher rates on savings accounts and lower rates on loans because they are not driven to provide a profit to shareholders.
4. **Internet banks** are electronic banks that do not have traditional brick-and-mortar branches. Because they have fewer branches, employees, and capital expenditures than traditional banks, they can generally pay higher interest rates on deposits and charge less for loans than traditional banks do.

Nonbank financial institutions consist of mutual fund companies and brokerage firms.

1. **Mutual fund companies** are a type of investment agency in which a pool of money is collected by investors to invest in stocks, bonds, and other securities. These mutual funds can give small investors access to professionally managed portfolios at a low price.⁴³ Many mutual fund companies now offer some banking services, such as writing checks against your mutual fund account.
2. **Brokerage firms** act as middlemen between buyers and sellers of assets.⁴⁴ Many brokerage firms now allow you to write checks, issue credit cards and ATM cards, and make loans.

Both banks and nonbanks offer online financial services, which allow you to access your account balance, transfer funds, deposit checks, and more 24 hours a day. With the blurring of roles between deposit and non-deposit institutions, banks can now offer investment services and non-banks can offer check-writing privileges, credit cards, and savings accounts.⁴⁵

⁴³ Adam Hayes. "Mutual Fund." *Investopedia*, October 3, 2020.
<https://www.investopedia.com/terms/m/mutualfund.asp>

⁴⁴ Adam Hayes, "Brokerage Company." *Investopedia*, April 28, 2021.
<https://www.investopedia.com/terms/b/brokerage-company.asp>

⁴⁵ Original material from Peerlink National Technical Assistance Center.