

The U.S. financial system includes depository institutions small and large, some chartered by states and others by the federal government, some operated for profit and others not for profit, some operated by volunteers and others by the world's foremost financial professionals. Credit unions and commercial banks are important parts of this system—and aggressive competitors. Both types of institutions are chartered by the federal and state governments, often with the *intent* of fostering competition between the institutions. At the same time, a web of regulations seeks to maintain a competitive balance between the institutions. In this essay, we examine aspects of these regulations and the competition between credit unions and banks since the 1998 Credit Union Membership Access Act (CUMAA) relaxed membership regulations for credit unions.

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