

# THE *BLUE* PAPER

◆ January 2013 ◆

## USING THE FOUR-LETTER WORD *BANK* AND THE TERM *BANKING*. CAN WE? AND SHOULD WE?

Credit Unions Have Long Been  
Faced With This Dilemma.

Finally, It's Time To Face Reality.

Route to:

☐ EVP

☐ VP Operations

☐ VP Finance

☐ VP Marketing

☐ VP Lending

☐ Newsletter Editor

☐ E-Coordinator

☐ Marketing Manager



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*To Credit Unions,  
“bank” is a four-  
letter word.*

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*The Vermont  
Department of  
Financial Regulation  
issued a cease-and-  
desist order against  
the Vermont State  
Employees Credit  
Union.*

The discussion (some say battle) rages on.

Can we use the words “bank” and “banking?”

Should we use the words “bank” and “banking?”

There are three schools of thought:

**GROUP ONE:**

**THERE ARE THOSE WHO SAY WE *SHOULD NOT* USE THE TERMS.**

A few years ago, one of the Credit Union world’s most respected leaders said “no.” Dick Ensweiler, President of the Texas Credit Union League, was speaking at the CUNA Marketing and Business Development Council. He suggested we should never again use the four-letter word “bank.”

Quite a few others agree. They say eliminate the term from all publications, documents, forms, language, and formal reports.

Why? These well-respected and successful leaders feel this is necessary to show that we are *not* banks and that we must work to separate our image, our reputation, and our actions from those of banks.

**GROUP TWO:**

**THERE ARE THOSE WHO SAY WE *CANNOT* USE THE TERMS.**

For months, a constant battle raged between Vermont State Employees Credit Union and the state’s Department of Financial Regulation (DFR). The DFR even issued a cease-and-desist order that stated the Credit Union could not use phrases such as “banking cooperative,” “bank co-op,” etc., in their marketing, promotions, and literature.

**GROUP THREE:**

**THERE ARE THOSE WHO SAY *USE THEM*. THEY’RE GENERIC.**

Paul Gentile, President/CEO of the New Jersey Credit Union League, has stated that discussing this issue is “ridiculous,” since bank and banking are commonplace terms.

First of all, it should be noted that Vermont state regulators have reversed their course and decided that Credit Unions in general (and Vermont State Employees CU in particular) can use the words “bank” and “banking.” The regulators do insist that VSECU state that it is a Credit Union in any advertising that uses such terms.

*And there will always be the two camps:* those who feel Credit Unions should not use the two terms and those who feel there is no problem using them. (They say that in some cases there is no CU equivalent. So, for all practical purposes, Credit Unions have no choice but to use the terms.)

The other camp believes that using those words affiliates us in some small way with banks, which have such a bad image. According to a recent Gallup survey, banks are regarded as one of the 10 most-hated institutions in America (along with the oil, gas, and pharmaceutical industries). The survey was first conducted in 2001 when banks had a 23% negative response. In 2012, that negativity rose to 53%.

### ANALYZING THE ISSUES

Years ago, there were constant discussions about using the term “share draft” instead of “checking” and “share accounts” instead of “savings.”

Most Credit Unions have resolved these issues. Almost everyone in the country knows them as “checking accounts” and “savings accounts,” so those are the terms most of us use. The issue of whether CUs can legally call the accounts by those names has long been ignored and forgotten. In that particular situation, the concern that Credit Unions must show that we are unique has given way to practicality and common usage.

The line between Credit Unions and banks did not blur when we started referring to “checking accounts.”

The majority of the population understands that Credit Unions are unique co-operatives with “Members,” not merely customers. And the concept of membership seems to be gaining in prestige. (The latest commercial for American Express cards states, “It’s the reason we don’t have customers. We have members.”)

### THE COMMON GUIDELINES FOR USING “BANK” AND “BANKING”

These are the common guidelines that many Credit Unions use for the terms “bank” and “banking.”

CUs only use the word “bank” as a *noun* when they refer to the financial institutions we call banks in particular or banks in general. *Of course*, they never refer to Credit Unions as “banks.”

However, Credit Unions regularly use the word “bank” as a *verb*. NuVision Federal Credit Union, in Huntington Beach, California, has an ad that reads, “Yes, you can bank with us!”

There really is no other verb that quite covers this field. One can’t “credit-union with us.”

In the same way, the word “banking” (which grammarians would correctly identify as a *gerund*) has no Credit Union equivalent. As Sharon Hockensmith, formerly of Wescom Credit Union, once stated, “There is no other English word that can be substituted — certainly not ‘Credit Unioning.’”

*Years ago, there was great concern about using the term “share draft” instead of “checking.”*

*The word “banking” has no Credit Union equivalent, certainly not “Credit Unioning.”*

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*We've lived past  
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"share accounts"  
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In an effort to avoid both terms, some CUs will substitute "financing" and "financial transactions," or use the Credit Union's specific product name. (a "Savings Four Account" or "Universal Interest Checking").

The intent, however, should be to not sound ridiculous just to avoid using either term, since each has been so ingrained into the general population.

## CONCLUSION

The legal issues seem to have been resolved.

Some, however, are still concerned that any blurring of the line between banks and Credit Unions is cause for alarm.

However, we've lived past "share drafts" and "share accounts." Though Credit Unions now seem to be universally accepted as unique co-operatives, we must admit that our Members do "bank" with us.

In any case, it's very difficult to find substitutes for the term "to bank" or the word "banking."

It's time to face reality. ◆

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