

Back to the Bank

Stanley Greenfield, RHU

I contacted the American Bankers Association (ABA) and ask them what are some of the median fees charged by banks throughout the United States. You might want to use these as a guideline to see if your own bank is treating you like a good customer!

Do you use those money machines that banks have? They are called ATMs or automatic teller machines. The median charge to use a machine that is the bank's own machine is 25 cents. To use another bank's machine, the charge is \$1.00. This should not come as any surprise, but if at all possible, you should not use another bank's ATM for a transaction if you are being charged \$1.00 or more. Over the course of a year those fees can and do add up. If you do just one transaction per week for only 50 weeks, that's \$50.00. If your average balance is \$500.00, then the ATM fee alone is costing you 10 percent per year. Do any member's of your family use another banks ATM? If they do, don't forget to add that to your total cost for the year. If you have family members that are using ATM cards your annual fees could be in excess of 20 percent, and that does not include the other fees that you are paying just to get to your own money!

They now have ATMs in the grocery stores. Do you pay a fee for that too? Maybe it's time to analyze the total amount you are paying just to use those machines. If you have teenagers or kids away at school, my heart goes out to you, and you really need to check out what you are paying "totally" just for the use of ATMs. It will astound you!

The ABA report covered other accounts too. Noninterest bearing accounts had a median monthly fee of \$4.50 to \$5.50. They required a minimum balance of \$500.00 to have those fees waived, with an average monthly balance to waive fees of \$775.00 to \$1,000.00. How does your bank treat you for these charges?

Are you in an interest bearing account? The median monthly fee for these accounts was \$6.25 to \$8.00, with a minimum balance of \$1,000.00 to waive fees. The average balance needed to have fees waived was \$1,500 to \$2,000. The median interest paid on these accounts was 2.45 percent as of 10/1/92.

Now you have some ground rule numbers to work from when sizing up your bank. So far, how has your bank fared? Are they treating you like a good customer that they want to keep, or are you the victim of a new "reverse Robin Hood scheme?" Remember Robin Hood? He graduated from LACC and had a high volume practice in Sherwood Forest. His goal was to take from the rich and give to the poor. Some banks reverse that procedure and take from you and keep it for themselves, the rich!

Your bank will waive a lot of the fees that you are now paying if you bring it to their attention, and tell them that they should not be charging you so much money. The word "waive" is a special word used in the banking world. It's definition is, to reduce greatly or remove totally charges on accounts if it is brought to their attention by a customer who will move the entire account if those charges aren't reduced or removed immediately. It always helps if you understand the "true" meaning of a word used in a specialized field.

Bank fees are up more than 10 percent in the past year and still climbing. Some banks even charge you to make a deposit to your own account. If you run out of deposit slips, don't look for blank ones in the lobby of your bank. They don't keep them out for you to use anymore. Now if you want to play you must pay. Need a deposit slip? They will "sell" them to you. What a deal!

You open an account and run all of your money through the bank. For all that money they pay you next to nothing, and the interest is taxable. They then tell you that your balance is too low, so your fees are going up, so you try to make a deposit and they charge you to do that too. And they put crooks in jail! What a business!

Are you still paying your bank for checks? Why? They charge you to put money in your account, and now they overcharge you to get some of your money back! You can order those magic pieces of paper from other sources for less than half the cost. We have seen some newsletters from some banks informing their depositors that some of those companies print checks that are inferior and are difficult for the bank's computers to read. If you believe that, we have a bridge for you to consider buying too! By the way, if you need a list of those companies selling "cheap" checks, just drop me a line with a self addressed envelope, and it's yours for the asking.

Do you have a money market account at your bank? Have you compared the rate to see what they are paying you compared with any mutual fund money market account? You should! You will probably find that they are paying you 25 to 50 basis points less than any mutual fund money market. Why, you ask? Insurance. The money market at the bank is insured by the FDIC, but that insurance is not cheap. The mutual fund is not insured. Do you need that insurance? All we can say is that no one has ever lost a penny in a money market account.

Do you have any loans at your bank? Do they have credit life and disability to cover the loan? This is, without a doubt, the most expensive insurance you can purchase, unless you are totally uninsurable, which means you have one foot in the grave and the other on a banana peel! Get down to the bank and request, no, demand, that they take that coverage off immediately, if not sooner.

While you are there, if you have a credit card issued by the bank, make sure you do not have credit life and disability to cover the outstanding balance. Get rid of it ASAP!

That should be enough to save you a few dollars a year so that one day, if you follow my advice, you might be able to kick back and enjoy life. Have you taken the challenge? Need more information on "the challenge?" I'll include that when you write for the list of cheap checks. You say you need my address? Look no further. It should be right below this last line.

Your comments and inquiries may be directed to:

Stanley Greenfield, RHU
125 Croton Hill Lane
Rockville, Maryland 20850

Please include a self-addressed, stamped envelope. Thank you.

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