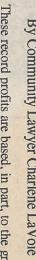
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Bank Fee Burdens ~ ATM Bait and Switch Tactic **BUYERS ALERI**

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questions to area bankers on the fees charged by local banks. articles intended to assist bank customers and to encourage er. Several banking fee topics will be covered in a series of banking and the costs to consumers. banking industry addresses automated teller machine (ATM) The first article in the BUYERS ALERT series on the The fees assessed by banks affect nearly every consum-

charges for maintaining an account. These bank fees are unfair and deceptive bank practices. checking accounts, automated teller machine (ATM) use and search Groups (PIRGs) have conducted many studies which ing industry which began in the early 1980's. The Consumer skyrocketing, helped along by the deregulation of the bankdocument the ever increasing fees for consumer savings and Federation of America (CFA) and the Public Interest Re-Federal regulations permit banks to establish service

eral Deposit Insurance Corporation (FDIC) and the Federal Bankers Association and reports to Congress from the Fed-American Banker, as well as data compiled by the American try publications such as the Fee Income Report for Financial Institutions, the Nilson Report, Bank Network News, and These findings are based upon information from indus-

officers of banks was \$750,000. billion. In 1992, the median compensation for chief executive in profits. This is a 36% increase over the 1992 record of \$32 In 1993, commercial banks earned a record \$43.4 billion

> These record profits are based, in part, to the growing reliance of the banking industry on fee based sources of income, especially fees for retail deposit services.

paying too much to use ATMs. the past two years also show that consumers believe they are volumes of ATM transactions. At the same time, studies over to rely so heavily on ATMs over the past twenty years that line. Bank Network News reports that consumers have come higher fees imposed by banks are not resulting in lower Banks promote the use of ATMs to boost their bottom

almost \$5 billion in profits were created from ATMs alone. while saving banks \$2.34 billion in teller costs. As a result, ATM transactions generated over \$2.55 billion in fee revenue make huge profits on transactions made on ATMs. In 1993, from consumers for ATM services. This equates into a 78 cent profit for every 1 dollar collected ATMs are the cash cows of the banking industry. Banks

cations costs and network fees. Other savings are realized by cost of maintaining an ATM has decreased due to better 2454 branches were closed - during the same period, 3785 ATMs (in 1992, 1659 new bank branches were opened and the banks in a reduction in the teller staff (22,000 from 1991mechanics, advances in technology and lower telecommuni-ATMs were installed). 1993) and as existing or planned branches are replaced with But even as bank costs fall, ATM rates rise. The average

trickled down to consumers. The cost effectiveness of the ATM technology has not

is towards charging a transaction fee every time the ATM is than transaction fees. But as ATM use is increasing the trend Annual fees for having an ATM card were more common became accustomed to the service and depended upon it. customers. This successful effort attracted customers who The service was free and promoted as a convenience to Initially, few banks charged customers for using ATMs.

a charge when they use ATMs at banks other than their own. impose this fee. American Banker puts it this way, imposed fees for using other bank ATMs. Now, over 90% The Federal Reserve reports that in 1988, 25% of banks In addition, many consumers are now aware that there is

idea of profiting from their electronic banking devices." that an increasing number of institutions are warming to the "the fact that ATM transaction fees are rising indicates

ATM market, some banks now charge customers for withteller instead of the ATM. that automatically add a monthly fee if a customer uses the using the ATM. Bank of America offers no-teller accounts drawing or depositing money at the teller window instead of In an attempt to channel more and more business into the

their ATMs based on the potential for transactions by nonaccount holders, with only secondary consideration given to the convenience of their own customers. Banks are advised by consultants to select locations for

overdraws, ATM closings cancellations, PIN reissuance and enough, fees for rejected transactions, empty deposit envecard issuance\replacement. lopes and deposit errors. Some banks also charge for ATM ATM card fees for customers who do not use their cards Other new ATM fees to watch out for include dormant

overcharged for bank cost saving ATM use. recommendations to consumers who want to avoid being The Consumer Federation of America offers a number of

- own customers to use the ATM. 1. Use your own bank's ATM. Only a few banks charge their
- regardless of the amount. times you are charged a fee. Fees are assessed per transaction. larger amounts of money. This will reduce the number of 2. If you must use another bank's ATM regularly, withdraw
- the best overall deal. Be sure to consider monthly account Analyze your ATM use and shop for the bank that offers transactions. fees and per check charges in addition to ATM fees and free
- 4. For depositors, use the night deposit box rather than the
- at non-Shawmut ATMs is increasing from \$1.25 to \$1.50 and that the fee for withdrawals, balance inquiries, and transfers is \$5!) that the fee for ATM transactions completed outside the US (Shawmut just sent a notice to its customers informing them Check the notices that come in your bank statement
- 6. Consider banking the old fashioned way use the teller.