

Consumer News & Views

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Big Banks Continue to Quietly Pursue Fees that Anger Consumers.

By Pallavi Gogol, Associated Press, and ACC CN&V

Big banks, facing declining revenues and a regulatory climate that leaves them fewer creative ways to make money, are quietly introducing or experimenting with fees that are sure to outrage customers.

Bank of America was shouted down by angry customers last fall when it tried to impose a \$5 monthly fee for using a debit card. JPMorgan Chase and Wells Fargo backed-off plans to impose their own fees.



But the major banks have imposed or are testing other fees: Since November, Wells Fargo has charged \$15 a month for some checking accounts unless customers have three accounts with the bank, maintain a minimum balance of \$7,500 or have a Wells Fargo mortgage.

Some Citibank customers are being charged \$20 a month unless they keep \$15,000 in their accounts, up from \$6,000 before December. They're also being dinged with a \$2 fee for using non-Citi ATMs if their balance falls below the minimum.

Bank of America, even after a backlash last fall when it tried to impose a \$5 monthly fee for debit card transactions, is testing a menu of checking accounts in Georgia, Massachusetts and Arizona with monthly fees of \$6 to \$25.

Thomas Hinton, president of the American Consumer Council, responded to the recent trend in new bank fees by saying, "Consumers are already frustrated with big banks that received large taxpayer bailouts after unraveling the economy with their poor management and bad lending practices; and now, they want to kick consumers in the teeth with more fees. It's unacceptable and, frankly, it shows a continued pattern of arrogance on the part of big banks. They just don't get it!"

Banks aren't charities, and they say they need to make money, or at least cover the cost of doing business. Consumer groups — and customers, too, it's safe to assume — have a less forgiving view.

"Banks have a short-term memory," says Norma Garcia, senior attorney at Consumers Union. "These fees affect all consumers, but particularly impact the most vulnerable, who have the least capacity to meet minimum balances and avoid the fees."

Nothing in banking is free anymore. All of the largest banks in the United States offered free checking with no strings attached until 2009, and almost none do today, says Mike Moebis, the founder of Moebis Services, a financial research company.

And what wasn't free before costs a lot more these days: Moebis' research shows that cashiers' checks that used to cost \$3 now cost as much as \$12, and the cost to get money orders has doubled to \$2 at the largest banks.

The big banks are public companies and are expected to make a profit somehow. And it's not as easy as it used to be.

Historically, banks have made money off of something called interest rate spreads. They borrowed money cheaply, loaned it out at higher interest rates and pocketed the difference.

But interest rates are at historic lows, making it harder for banks to charge high rates when they lend and squeezing their profits.

Regulatory rules since 2009 have also curtailed traditional bank fees, costing them billions of dollars. Banks were barred in 2010 from automatically enrolling customers in a service that charged them as much as \$35

for overdrafts on their checking accounts. Another law barred banks from charging fees and changing interest rates on credit cards without notifying customers.

Banks' revenues have dwindled since these laws came into effect. Bank of America's revenue last year was \$93 billion, compared with \$121 billion two years before. Wells Fargo took in \$81 billion last year, down from \$89 billion in 2009.

Jamie Dimon, the CEO of JPMorgan Chase, told an investor conference earlier this week that it costs the bank an average of \$300 a year to maintain a bank account. About 85 percent of Chase's customers still qualify for free checking.

Flashpoint of Anger:

The \$5 debit card fee that Bank of America announced on Sept. 29 became a flashpoint of anger, including for protesters in the Occupy movement. The bank said it was triggered by a federal law championed by Sen. Dick Durbin, D-Ill., that went into effect Oct. 1. It capped what banks charge stores for debit card transactions at 24 cents, down from an average of 44 cents.

The law cut into quarterly revenue at Bank of America by \$475 million, at JPMorgan Chase by \$300 million and at Wells Fargo by \$250 million.

Nevertheless, after public outrage, those three banks, plus SunTrust Banks Inc. and Regions Financial Corp., all backed down from plans to charge monthly fees for debit card purchases.

Bank of America says it is "not planning to increase checking account fees with our existing customers." Of the tests in Arizona, Georgia and Massachusetts, it says it is "continuing to learn" from them and has made no decisions.

Consumer advocates say they worry that higher fees will push people out of banking and toward more expensive services, like payday lenders and loan sharks.

"A significant part of the population will be squeezed out of banks because they can't afford it," says Nancy Bush, founder of banking research group NAB, and columnist at SNL Financial, "and that is absolutely wrong."

The American Consumer Council's Thomas Hinton noted that "The more big banks continue to stumble with these kinds of irrational decisions, the more credit unions and community banks will benefit by adding frustrated consumers to their membership rolls."



The American Consumer Council and the Minnesota Consumer Council are pleased to recognize Endura Federal Credit Union as a sponsoring member.

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Step your savings up a notch with Endura Financial's signature *Get Ahead* Savings account. Get Ahead Savings builds your account gradually through automatic direct deposit. With this tiered-rate product, the more you contribute, the higher your yield. Which means your money grows steadily, month by month, with no minimum balance requirements.

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The American Consumer Council and the New Jersey Consumer Council are pleased to recognize Garden Savings Federal Credit Union as a sponsoring member.

Garden Savings Federal Credit Union was founded in 1968 to serve the financial needs of the employees who worked for AT&T Bell Laboratories (presently known as Alcatel-Lucent). In 1985, we expanded our field of membership to include other sponsor companies. Today, with \$179 million in assets, more than 30 employees, and five branches Garden Savings serves over 19,000 members, representing over 100 different sponsor companies. Our mission is "To be our member's first choice in banking by forming a partnership they value most."

You can join Garden Savings FCU as a member of the American Consumer Council or by being employed by one of our sponsor companies who are part of our Field of Membership. Or, you can join if you live, work, worship, volunteer or attend school in Newark, Elizabeth, or Jersey City. You may also join us if a member of your immediate family is a member of Garden Savings already.

We've built our credit union on the foundation of superior member service which you will experience each and every day when you choose to do your banking with us.

Membership at Garden Savings is a special benefit to you and your family. Credit unions are not-for-profit financial cooperatives at which each and every member is a shareholder. When you and your family join our credit union you become members, not customers, who share in the success of the credit union.

Unlike other financial institutions, your credit union "gives back" its earnings to you in the form of lower interest rates on loans, higher dividends on savings, constantly evolving product and service offerings, and lower or no fee accounts.

Our member deposit accounts are insured up to \$500,000. This exceptional level of coverage is attained through a combination of \$250,000 in federal insurance provided by the National Credit Union Administration (NCUA) and \$250,000 of private insurance by the Excess Share Insurance (ESI) Corporation.

Mission and Vision of Garden Savings FCU:

Our mission is simple and expresses our desire to exceed our members' expectations. At Garden Savings, our mission is: **To be our members' first choice in banking by forming a partnership they value most.**

The vision statement for Garden Savings Federal Credit Union represents a goal that we continually strive to achieve. All of our daily efforts, our weekly goals, our annual budgets and our long-term strategic plans are formulated with our vision as their foundation. The Garden Savings vision statement is: **Garden Savings**

Federal Credit Union will enable our members to achieve their financial dreams and will provide opportunities for our employees to succeed.

As a member of Garden Savings, you will experience the highest level of service from our dedicated employees, who recognize that you are the most important asset of the credit union.

We want you to feel like family at our financial institution... different than any other banking experience you've had in the past. Join Garden Savings Federal Credit Union and experience an exciting new world of banking.

How to Reach Us:

We invite you to contact us by visiting our branches, contacting our call center or sending us an e-mail at your leisure:

- [Click here](#) for branch locations
- Call us at: 973-576-2000 or 888-554-9328
- For 24-hour-a-day loan applications call 877-554-0902
- E-Mail us by clicking [here](#) or by sending an e-mail to MemberServices@gardensavingsfcu.com
- For specific questions about Debit Cards, ATM Cards, E-Statements, ACH inquiries, or Visa Credit Cards, please email us at EFT@gardensavingsfcu.com

Green CSM Certification Accepting Applications for 2012 Spring Cycle:

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green CSM Certification**. Applications for the 2012 Spring cycle are now being accepted through April 30, 2012.

It's a proven fact that consumers want to do business with companies that are eco-friendly and practice Corporate Social Responsibility (CSR). The process is straight-forward and all applicants are recognized by ACC and the Green USA Institute.

All applicants complete the criteria and submit their responses to ACC's Green Consumer Council for review, assessment and feedback. Program details and the **Green CSM Certification** criteria can be viewed at ACC's website located at: www.americanconsumercouncil.org/green



For more information, please call ACC at 1-800-544-0414 or visit ACC's website by [clicking here](#).

To become a member of the American Consumer Council, visit us at: www.americanconsumercouncil.org