

## Consumer News & Views



October 3, 2011

*This issue is sponsored by*



### In this Issue...

- **Consumer Spending Expected to Remain Flat through 2012.**
- **Bank of America Joins List of Banks Charging Debit Card Fees.**
- **NuVision Federal Credit Union Introduces Easier Banking Apps.**
- **Apply for the 2011 Green C<sup>SM</sup> Certification Program.**

---

**Consumer Spending Expected to Remain Flat through 2012.** Consumer spending, once the driving force of the American economy, is likely to remain stagnant for years as households struggle to cut debt and build up savings, economists say. According to a recent study from the BlackRock Investment Institute, the ratio of household debt to personal income (wages and salaries only) remains at a staggering 154%, only 7.5 percentage points below the pre-recession peak. “While some progress in consumer debt reduction has been made, the heavy lifting of meaningful de-leveraging still lies ahead,” the study says.



Until consumers repair their balance sheets, they are unlikely to increase spending or take on new debt even with interest rates close to zero. “There is a penny-pinching mindset on the part of consumers until they see some better economic signs,” said Thomas Hinton, president of the American Consumer Council, a non-profit consumer education organization with more than 115,000 members. That could continue to hamper the recovery, because consumer demand makes up more than 70% of the U.S. economy.

The latest data from the Labor Department show that consumer spending fell 2% last year, after a 2.8% decline in 2009. Persistently high unemployment, stagnant wages, high commodity prices and stock market volatility are slowing the deleveraging process.

Some experts say the U.S. faces some similar risks as Japan during its so-called “lost decades.” Japan’s economic crisis of the 1990s, caused by the bursting of a nationwide asset bubble, was followed by massive consumer deleveraging and lackluster spending in the 2000s.

Commenting on the report, ACC’s Thomas Hinton, said, “Unfortunately, this is exactly the trend we have been seeing for the past 18 months. Until meaningful job growth and mortgage relief occur, don’t expect consumers to bail-out the American economy by free-spending with dollars they just don’t have.”

**Bank of America Joins List of Banks Charging Debit Card Fees.** Bank of America will begin charging a \$5 monthly fee in 2012 for customers who make debit card purchases. Consumers who use their debit card for one purchase a month or 20 will pay \$5 per month starting next January. It doesn’t matter if you select “debit” or “credit” at the point of sale. If you don’t use your card at all, you won’t be assessed a fee, and you can still use ATMs as much as you want without getting hit with the new charge. Plus, consumers with certain premium accounts will be exempt from the charge.



Should you jump ship and finally join a credit union which to date doesn’t charge such high fees? And, what will be the impact of debit card fees on bank customers? According to Blogger Trent Hamm, who blogs for the Christian Science Monitor, while the impact of this latest move by Bank of America is significant, and will affect customers of other banks, he doesn’t think too many consumers will jump ship and switch their banking loyalties. Hamm writes, “A few Bank of America customers will jump ship. Most will not. While this type of fee is annoying, most Bank of America customers affected by this fee will largely ignore it and just pay it each month. Some will jump ship, sure, but the bank wouldn’t be charging this fee if they didn’t believe it would be a net gain for them.”

Should you accept this hefty charge or switch your loyalty to a credit union? If you rely on your Bank of America debit card for making purchases, this will essentially become a \$60 a year fee. That would be incentive enough for many consumers to switch, but few consumers are aware of the credit union option according to Thomas Hinton, president of the American Consumer Council, which is a strong advocate of credit unions. According to Hinton, “If more consumers knew about credit unions, how they function as non-profit financial institutions run by members, I think you banks would think twice before they implemented some of these outrageous usage fees. But, unfortunately, credit unions remain both a secret and a mystery to most consumers. We’re trying to change that.”

Trent Hamm suggests that consumers adopt a “wait n’ see” attitude before jumping ship and dropping Bank of America. Hamm said, “I wouldn’t jump until the end of the year when I can see if any other banks are adding similar fees. The longer you wait, the more time you have to see if the banks you’re eyeing are adding such things. Over time, fee-free debit card usage at the point of sale will become a feature to promote rather than an expectation, sadly.”



With the NuVision Federal Credit Union – Easier Banking App, you can check your available balances, view account activity, pay bills, make transfers between your accounts, and locate the nearest NuVision or [Co-Op Network ATMs](#) and branch locations from the palm of your hand using your Android!

The NuVision Easier Banking App is FAST, SIMPLE, SECURE and FREE. The Easier Banking App- works best with an Android Smart Phone and allows access to your NuVision accounts using your existing Online Banking username and password.

Please note that some transactional history may not be immediately recorded onto your account and may not be reflected in the available balance.

*The American Consumer Council is proud to have  
NuVision Federal Credit Union  
as a Sponsoring Member*

---

### 2011 Green C<sup>SM</sup> Certification Accepting Applications for Fall Cycle:

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green C<sup>SM</sup> Certification**. Applications for the 2011 fall cycle are now being accepted through November 30, 2011.

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 C<sup>SM</sup> Certification** criteria can be viewed at ACC's website located at: [www.americanconsumercouncil.org/green](http://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](http://www.americanconsumercouncil.org)