

Does your bank want you off their books?

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When I moved to Texas, I needed a new [checking account](#). I had previously lived in Phoenix, Arizona, and had almost exclusively used a local credit union to store and borrow money. [Wells Fargo](#) was the only option I could find that offered a no-fee account (at the time, in 2004, they did), so I entered the world of the national bank customer.

I harbor no regrets about opening that account, especially since it served to establish in-state residency and made it possible for me to afford to go back to school the following year. Now, though, some Wells Fargo customers might begin to have second thoughts about their choice of banking institution. Let's take a look at why.

Wells Fargo debit fees by the numbers

A recent DailyFinance article broke down the math of the so-called Durbin Interchange Amendment. Previously, banks could charge retailers up to 44 cents per debit transaction. The new regulations limit that take to 21 cents, with possible adjustments up to 24 cents. Doesn't sound like a big deal, right?

Well, reports indicate that Wells Fargo stands to take an annual revenue hit of about \$1 billion from the new regulations. The new debit card fees are one way in which the bank is attempting to recoup the income that it can no longer get from retail transactions.

Debit fees: Deal breaker, or no big deal

On October 14, Wells Fargo debit customers in five states - Washington, Oregon, Nevada, Georgia and New Mexico - will begin to feel the pinch of the new fees. On the heels of this decision, Bank of America announced a decision to institute a coast-to-coast \$5 debit fee beginning in January 2012. With these new charges in place, will customers begin to flee the national banks and find other places to keep their money?

John Tschohl thinks so. He's the founder of the Service Quality Institute, and he sees the new service fees levied by Wells Fargo as a misguided idea. "Banks need to realize that the cost of a lost customer is about 10 times the amount they're going to receive from charging these fees," Tschohl says. "Customers of these big banks are going to start turning to smaller community banks or credit unions."

Thomas J. Alexander, chair of the [banking](#) and finance department at Michigan's Northwood University, offers another perspective. He points out that large banks offer customers the convenience of wide service areas, so customer loss from these fees may be less severe than some analysts project.

Why losing customers can be a good thing

John Frehse is the chief customer service strategist at Core Practice, a staffing logistics and best practices consulting firm in New York. His approach to potential customer loss from the new service charge is a little different.

Frehse points out that big banks like Wells Fargo have spent the last decade or so acquiring regional banks and folding those customers into their system. "The challenge," Frehse says, "has been to shed customers that cost the bank money."

This suggests that the revenue hit Wells Fargo expects from the new regulations might be offset by a reduction in its volume of low-balance, high-activity customers. In other words, a certain amount of customer loss might be profitable for the banking giant. And higher profits could pave the way for lower fees for those who stay with the bank.

How to avoid the new fees

I don't personally have any plans to resituate my debit account balance. I do a fair amount of travelling, so I'm counted in the group who appreciates the wide-ranging service area that a national bank provides. After all, there are a few ways to avoid the new fees:

- Use credit instead of debit cards
- Pay by check (remember those?)
- Upgrade your [savings account](#) and qualify for a fee waiver
- Try out the mobile device payment system that Wells Fargo expects to ramp up in 2012

Of course, you could also look into community banks and credit unions. You might just get more for your money by keeping it locally, and your former national bank might just thank you for making the switch.

How do the new debit card fees affect you? Are you switching banks?

Read more: <http://www.foxbusiness.com/personal-finance/2011/11/02/does-your-bank-want-off-their-books/print#ixzz1cYAf6FTo>