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Bank fees are irking customers

By **MARY PEREZ**

Consumers don't know why banks are raising fees for debit card use, but they know they don't like it.

"I think it's aggravating because it's your money. It's not the bank's money," said Nora Klein of Orange Grove. She charges her purchases on a credit card and pays the balance each month to avoid fees. Her children use debit cards. She understands interest charges for unpaid credit card balances. "You expect that," she said. "It's the bank's money you're using." She doesn't understand why the banks are now charging for debit card use.

Blame it on Congress for passing legislation that caps debit card fees at about half the previous rate, or banks for trying to recover the billions in lost revenue by charging customers processing fees that were paid by businesses. As of Oct. 1, the swipe fee dropped from an average of 44 cents to 24 cents per transaction. Bank of America announced its customers will pay a \$5 monthly fee to use a debit card next year. Citibank won't charge for debit card use but is increasing other fees.

Local banks are reacting to the cap on swipe fees in different ways. Regions Bank is charging a \$4 monthly fee on some debit cards used for purchases, but not for ATM transactions.

Wells Fargo will launch a pilot program Oct. 14 to charge a \$3 monthly fee for debit card use for an individual or couple in five states -- Georgia, Oregon, Nevada, New Mexico and Washington. It hasn't decided how long the trial will last.

"Some of our customers understand why we're doing this," said Wells Fargo spokesperson Jamie Dexter. She said others are obviously not happy. Smaller banks and credit unions generally are less affected by the new legislation and aren't adding fees.

Chevis Swetman, president of The Peoples Bank, said there are no plans to raise debit card fees.

"We have no plans of implementing a monthly debit card service charge," said

Sharon Keller, vice president of marketing for Keesler Federal Credit Union.

“We look at this as a great opportunity to add new members from the Gulf Coast,” said George Mitchell, chief retail officer at Keesler.

Gulf Coast Community Federal Credit Union is “absolutely not” raising debit card fees, said Debbie Pidek, chief communications officer. “We reward our members for using their card,” she said. Checking accounts also are free.

Hancock Bank is taking a wait and see approach to bank fees, said John Hairston, chief executive officer. “We don’t believe knee-jerk reactions from banks is an appropriate reaction to knee-jerk legislation,” he said. Instead Hancock Bank chooses to study the situation, he said, and work with regulators and legislators for a solution.

The debit card was introduced as an alternative to using checks for purchases. Over 10 to 15 years consumers grew accustomed to using debit cards to pay for purchases as inexpensive as a candy bar.

A Nilson Report said debit card transactions grew from 1 percent in 1995 to about two-thirds of all transactions today.

The Durbin Amendment to Dodd-Frank gives the Federal Reserve the authority to set the amount the banks charge per debit card swipe.

The American Bankers Association said in a statement last week the Durbin Amendment capped debit fees below industry costs.

“This provided big-box retailers with \$7 billion in windfall profits while forcing banks to lose money on every debit card transaction,” the association said.

John Tschohl, author of the new book “Achieving Excellence Through Customer Service,” expects hundreds of thousands of customers nationwide to leave the big banks in favor of smaller community banks and credit unions. He suggests customers close their accounts at large banks, cut up their debit cards and mail them to the CEO of their bank.

Many customers are unwilling to do that. “It’s hard to change when you’ve been with a bank for a long, long time,” said Kline, who has been a customer at Regions Bank for years.

Her father-in-law, Mickey Klein, 94, of Orange Grove, said he's stuck with Regions through three mergers. Representatives of the local banks say they welcome customers to come in and learn how they can avoid paying fees.

"We encourage customers to talk with their banker to make sure their checking account best fits their needs and how they prefer to manage their finances," said Evelyn Mitchell, who works for Regions Financial. She said Regions has accounts with unlimited debit card use and services such as identity theft protection.