Is Your Bank "Checking" Out On You?

Bank of America made headlines in late 2011 by announcing that they would be charging some debit card users $5.00 a month. The public outcry was so wide spread that Bank of America later backed off of their plans. Unfortunately for their customers, and many other financial institution customers, this was a temporary concession.

At the root of this fee is the Dodd Frank Act, which reduced the amount of interchange a financial institution would recoup from a vendor. Additionally, Dodd Frank limited the fees that could be charged on an overdrawn account. This loss of income caused financial institutions to evaluate their fee schedules in an effort to subsidize their losses. Bank of America made the most national headlines, but the checking account fee is being tested by many institutions around the United States. Wells Fargo is expanding its checking fee of $7.00 a month into six more states in an effort to do away with a free checking program on accounts that do not meet a specific criteria. Bank of America is testing fees in several states that range from $9.00 to $25.00 a month. Chase has raised their monthly fee from $6.00 to $12.00 unless you meet specific criteria. Though the Dodd Frank Act relating to interchange income only impacts banks over $1 billion on assets currently, many in the financial industry believe that it is only a matter of time before smaller institutions feel the pinch and begin to incorporate checking fees into their fee schedule.

MECE Credit Union is unique in that we do not rely on interchange income to remain profitable. MECECU has very low operational expenses, which paired with our "spread" philosophy in operations (the difference between what is brought in from loan payments and what is paid in dividends), enables us to operate in a profitable manner without the need for excessive fees and interchange income. MECECU will continue to offer a great checking account product with free checks, free ATM/Debit card, and a competitive dividend.