

For Immediate Release



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To Banking or Business Editor:

Opting-In Can be Costly

Since the summer of 2010, financial institutions are no longer allowed to charge overdraft fees for ATM withdrawals or debit card transactions without permission. Customers must sign an opt-in agreement for the “courtesy” of being allowed to overdraw their account and have an associated overdraft fee charged. Those who do not opt-in will simply be declined if they attempt to withdraw more than they have available.

A **Consumer Financial Protection Bureau (CFPB)** report released on Tuesday found that consumers who opted in for this coverage don't only have higher account fees, they are also subject to more involuntary account closures. The data in the CFPB report, however, refers specifically to debit card and ATM overdraft charges, which is just part of a bank's service charge income. New regulations and low interest rates have made fee income crucial to the industry, especially for smaller institutions that lack economies of scale. Now that consumers know how to avoid these ATM and debit card charges, banks have had to find creative new ways to generate fee income.

That's where **BauerFinancial** comes in. Fee structures vary by institution as well as by account type so the best way Bauer found to make a reasonable comparison, was by using what it calls the service charge ratio. This ratio tells what service fee income is as a percent of transaction and savings deposits (basically all accounts except CDs and retirement account) for each U.S. bank.

The findings may surprise you. Of the 100 banks with the highest service fee ratio as of March 31, 2013, 16 can be found on **Bauer's *Troubled and Problematic Bank Report***; ten with its lowest rating (Zero-Stars). Also, in spite of having a high fee ratio, 11 still posted a loss in the first quarter. It also makes a difference where you live. Banks in the Northeastern part of the U.S. tend to have lower service fee ratios while the Southwest has the highest.

The moral of the story is, while consumers can't avoid bank fees, they can shop around to minimize them... and opt-out. To find out the rating of your bank or credit union, simply visit www.bauerfinancial.com. All federally-insured banks and credit unions are subjected to rigorous, independent and unbiased evaluations each quarter. No bank pays for its rating, nor can any avoid it. It's simple. It's smart. And it's FREE.

Service Fee Reports are available by state for a charge.

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Members of the press may request a free spreadsheet of all the bank and/or credit union star ratings in their state, along with financial highlights, by emailing research@bauerfinancial.com.