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The Latest MoneyRates.com Update on Bank Fees

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Checking accounts became cheaper and more accessible over the past six months.



The semi-annual MoneyRates.com Checking Account Fee survey showed that two factors contributed to make checking accounts easier to get and more affordable: lower minimum balances and lower fees. On the surface, both trends are great for consumers - but that doesn't tell the full story. What's the catch?

Consumers Pay Hundreds in Unnecessary Checking Account Fees

There are big differences in the checking account fees that banks are charging. And those differences mean that some customers are getting a great deal while others are paying way more than they should.

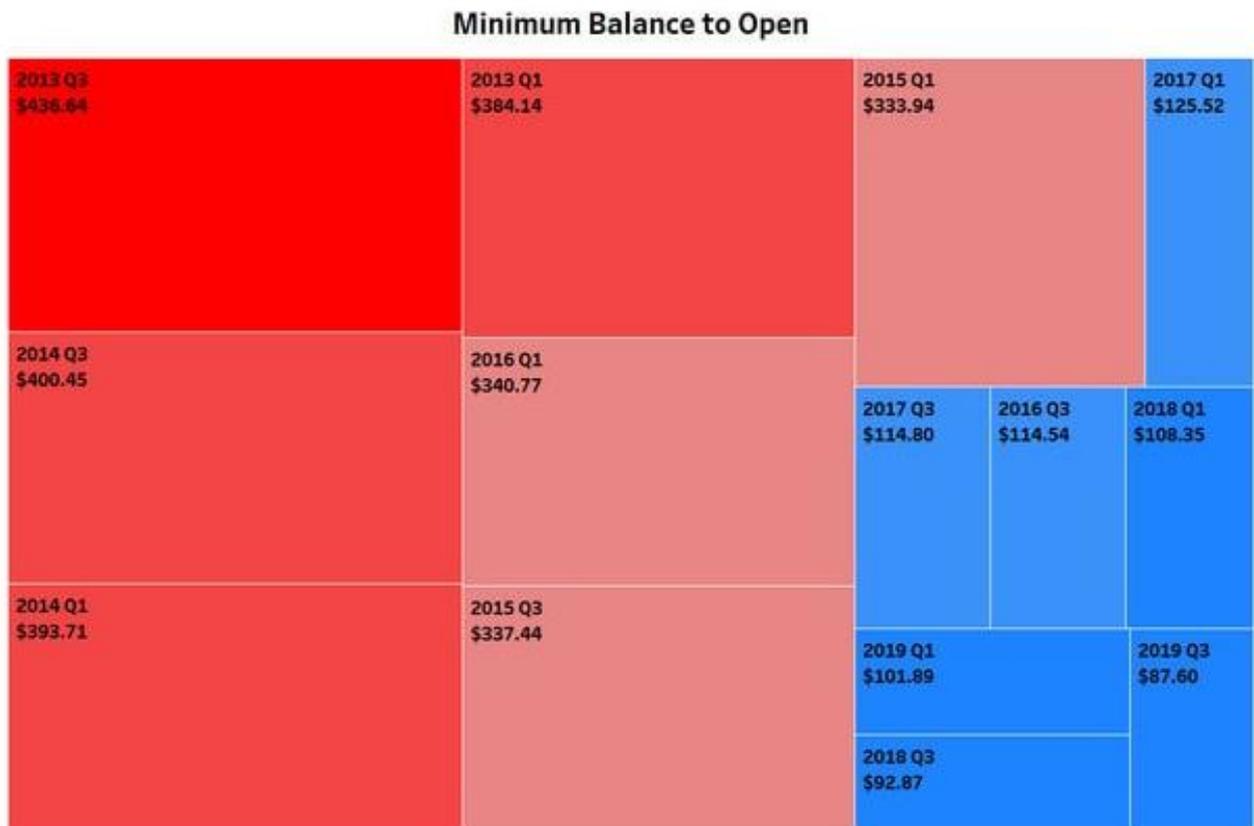
Those differences matter because the cost of a checking account remains high enough that it could be sabotaging your budget.

Trends in Average Minimum Balances

Some banks require that a minimum balance be deposited to open a checking account, and the requirement can range from \$1 to a couple thousand dollars. A higher minimum-balance requirement makes checking accounts less accessible to people.

In the last six months, though, checking accounts became more accessible as the average minimum balance to open an account dropped below the \$100 mark.

Six months ago, an average of \$101.23 was required to open an account; but now that average is just \$87.60. At a time when many poorer Americans feel shut out of the banking system, this opens the door a little bit wider.



Trends in Checking Account Fees

The other good news from the latest survey is that, across the board for maintenance fees, overdraft fees and ATM fees, the average charge came down over the past six months. This is a rare break for consumers who have generally seen checking accounts get more expensive in recent years.

Monthly maintenance fees

Since the current form of this survey began in February of 2013, checking account customers have seen average monthly maintenance fees rise by 9.9%. However, they have since dropped over the last six months from an average of \$13.58 to \$13.47.

Average Monthly Maintenance Fees



Overdraft fees

Average overdraft fees also rose 7.6% over the last six years; but since February, the average overdraft fee has fallen from \$32.53 to \$32.30.

Average Overdraft Fees



ATM fees

Likewise, ATM fees have risen 11.6% since 2013; but the average ATM fee has gone down from \$4.66 to \$4.61 in the last six months.

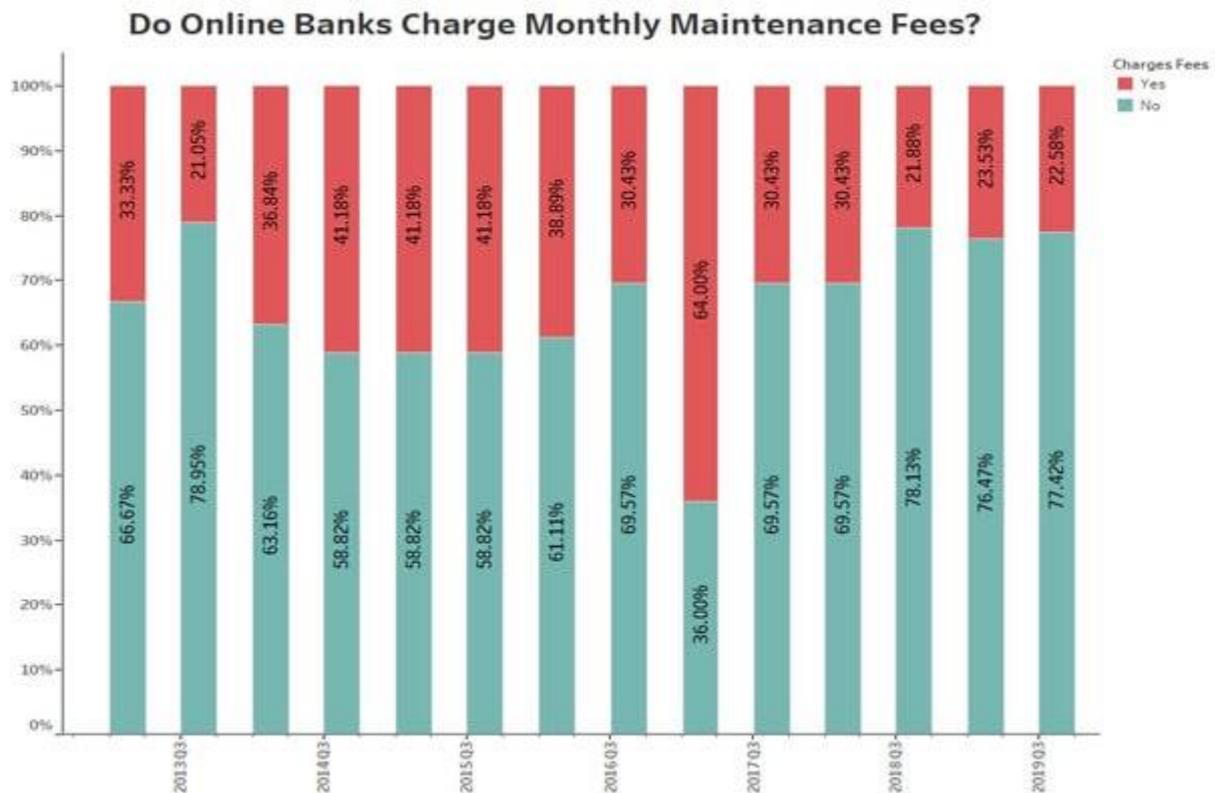


Online checking vs. branch-based checking

As has long been the case, online checking accounts are generally cheaper than traditional, branch-based accounts.

Online accounts charge an average of \$25.28 for overdrafts compared to \$32.97 for traditional accounts, and they charge customers an average of just \$0.13 for using an out-of-network ATM as opposed to \$2.10 for traditional accounts.

The big difference, though, is in monthly maintenance fees: 77.42% of all online checking accounts have no monthly maintenance fee, compared to just 30.48% of traditional accounts.



Free checking accounts

Free checking also became more plentiful, with 34.68% of accounts now having no monthly maintenance fee, compared with 30.40% six months ago

How Much Does It Cost to Have a Checking Account?

Just how much can checking account fees set you back?

Add up all these types of fees, and the true cost of having a checking account starts to emerge.

- Monthly maintenance fees: \$13.47 per month
- Overdraft fees: \$32.30 per occurrence
- ATM fees: \$4.61 per out-of-network transaction

Monthly maintenance fees - \$161.64 per year

Consider the monthly maintenance fee. For most customers, this is the most important type of bank fee because it is charged month in and month out no matter how you use the account.

The average monthly maintenance fee is \$13.47. That sounds modest enough, but multiply that by 12 months and it means paying \$161.64 a year just to keep your account open.

That's enough to take a nasty bite out of your checking account balance, and that might not be the end of it. Depending on how you use the account, other types of fees can add a lot to that total.

Overdraft charges - \$225.00 per year

Not all customers incur overdraft fees, but the Consumer Financial Protection Board found that people who do overdraft their accounts incur an average of \$225 per year in such fees.

According to the latest checking account fee survey, the average overdraft fee was \$32.30 per occurrence.

ATM fees - \$55.32 per year

Then there are ATM fees. Most banks don't charge you if you use one of their own ATMs or a machine in an ATM network to which the bank belongs. However, use an out-of-network ATM and you could get hit twice by fees - once by your own bank and once by the owner of the ATM.

On average, banks charge their customers \$1.74 per transaction for using an out-of-network ATM. On top of that, banks charge non-customers an average of \$2.87 per transaction for using their ATMs.

Between the two fees, that's a total of \$4.61 each time you use an out-of-network ATM. A few dollars may not seem like a big deal, but do this just once a month and you would rack up a total of \$55.32 in ATM fees each year.

Paper statement fees - \$33.60 per year

While paper statements are still free for most checking accounts, more and more banks are beginning to charge for them. Thirty-two percent of banks now charge an average of \$2.80 per month if you want paper statements (as opposed to accessing your account records online).

Add up all these types of fees and the true cost of having a checking account starts to emerge. On top of \$161.64 in annual maintenance fees, tack on \$33.60 in paper statement fees, \$225 in overdraft fees and \$55.32 in ATM fees to see how much you could easily end up paying each year.

That comes to a total of \$475.56. That's a fair example of the amount of fees that may be coming out of your checking account each and every year. That's what makes this a fairly high-stakes game.

Are You Paying Way Too Much for Checking?

Are you one of those people who's paying too much for their checking account? Here are three questions that can help you decide:

1. Are you paying a monthly fee?

While having a monthly maintenance fee is the norm for checking accounts, it is by no means necessary. Since over a third of checking accounts now have no monthly fee, there are plenty of opportunities to avoid this expense.

2. Does your bank make it easy to avoid ATM fees?

If you use an ATM regularly, does your bank allow you to do so without paying every time? Some banks have extensive ATM networks of their own or belong to a network with machines in numerous locations. Some online banks even reimburse you for ATM fees so you can access your money from any machine available.

3. Could you be paying less in overdraft fees?

Overdrafting your checking account is a bad banking habit that you should avoid if possible. But, if the reality is that you do occasionally - or perhaps often - overdraft your account, there are some ways to keep it from costing as much.

The latest MoneyRates.com survey found several accounts with overdraft fees of \$25 or less, well below the average. Some special accounts, most notably student accounts, have no overdraft fees or will forgive a certain number of overdrafts. There are also accounts that cap the number of overdraft fees you could incur per day.

While there are ways to reduce your banking fees, there are other banks that remain especially expensive. This can make a big difference in how much of your checking account balance goes to pay the bank as opposed to being available for you to save or spend.

Take an example of someone who uses an ATM once a month and has six overdraft transactions per year.

In an account with no monthly fee, no paper statement fee, an extensive ATM network and a relatively low overdraft fee (\$25 per occurrence) this person would pay a total of \$150 per year, only because of the overdraft fees.

However, in an account with a less convenient ATM network, a fee for paper statements and in one of the higher tiers of maintenance and overdraft fees, this same type of customer could pay \$484.44 per year.

In short, having a checking account can be [very expensive](#), but it doesn't have to be if you take the time to find one of the best checking accounts for your needs.

Tips for Finding the Best Checking Accounts

If you don't want to overpay for checking, here are three things you should do:

Focus first on monthly maintenance fees

Since these are fees you would pay every month no matter how you use the account, it's best to look for an account with no monthly fee.

Choose an account suited to your banking habits

- If you overdraft your account a lot, look for an account with low overdraft fees.
- If you use ATMs in a variety of locations, look for a bank with a broad ATM network.
- If you insist on paper statements, find an account with no paper statement fees.

Comparison-shop for the best checking account deals

Starting with accounts that have no monthly maintenance fees, do some comparison-shopping to find a bank that minimizes what you pay for the kind of fees you would most often incur.

On average, bank customers got a little bit of a break over the past six months because of lower fees, lower minimums and a greater number of free checking accounts.

Still, you don't have to settle for just a little break. You can reduce the amount of checking account fees dramatically if you shop for the best checking account. And then all of that money that you save could be put to good use, whether it's to pay bills and get out of debt or you want to save up for the holidays, a vacation, a house or your education.

After all, despite the fact that checking account fees are coming down a bit, they remain expensive enough that it is a high-stakes game. You get to decide whether you are one of the winners or one of the losers at that game.