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# How Much Are Bank Fees - The Latest MoneyRates Update

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**Paying hundreds of dollars in fees every month to keep a checking account is money wasted, since there are ways to pay nothing for your checking account.**



Monthly maintenance fees on checking accounts have reached a new high, and so have ATM fees. There are cheaper options, though - so the message for consumers paying those high fees is "move or lose."

Monthly checking account fees now average \$14.13, the highest level in the seven-year history of the MoneyRates.com Checking Account Fee Survey. This means the average fee would cost you a total of \$169.56 over the course of a year.

Add in ATM fees and overdraft fees, and you could be spending hundreds of dollars just to have a checking account. That actually equates to hundreds of dollars wasted, since there are ways to pay nothing for your checking account.

The latest MoneyRates.com Checking Account Fee Survey shows the widening gulf between free checking and what most accounts actually charge. This survey can help you shop for a cheaper checking account.

[How Many Bank Accounts Should I Have?](#)

# The Truth About Checking Account Fees

Checking accounts are getting more expensive, even though it is possible to avoid these fees in most cases.

Why are bank customers increasingly paying more than they need to for their checking accounts?

There are two main reasons for this:

## 1. "Free checking" isn't always free

The banking industry usually applies the phrase "free" to checking accounts that don't have a monthly maintenance fee. However, there are often strings attached to avoiding that fee, plus there are almost always other fees involved.

Dr. Anisha Nyatee, an Assistant Professor of Finance at Endicott College's School of Business, cautions about taking the promise of free checking at face value. "The bank needs to make its money somewhere," she told MoneyRates. "Therefore, these so-called 'free' checking accounts come with caveats such as [ATM-withdrawal limitations](#), fees if money is withdrawn from ATMs other than the bank's ATMs, potential overdraft fees and the like."

Dr. Nyatee adds, "This fine print associated with 'free' checking accounts is something we as consumers may not be well informed about."

In some cases, you have to maintain a minimum balance to qualify for a waiver of the monthly maintenance fee. This isn't always easy.

**The MoneyRates.com Checking Account Fee Survey found that the average balance required to qualify for a fee waiver is over \$17,000. Especially if you have money going in and out of your account throughout the month, it can be difficult to maintain that large a balance.**

## 2. Big isn't always better

Large banks with extensive branch systems are the most visible to consumers, so they tend to attract the most business.

Unfortunately, as a group, large banks and branch-based accounts tend to charge more. That means that most consumers are likely paying more than they need to for their [checking accounts](#).

Dr. David Schein, Associate Dean and Director of Graduate Programs at the University of St. Thomas - Houston's Cameron School of Business explains it this way: "The big banks are everywhere, and that, in my opinion, is their sole advantage. The local banks and credit unions out-perform them across the board in customer service and fees, but they are not everywhere the mobile American might move."

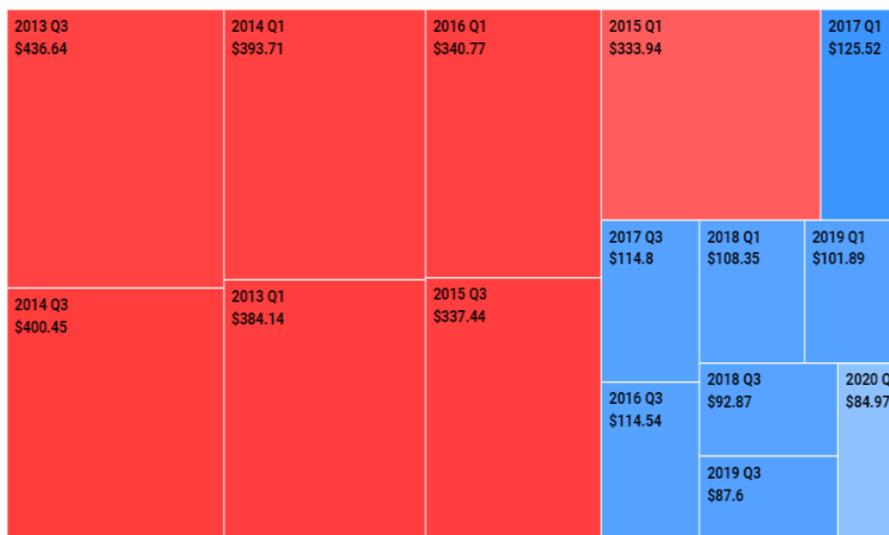
## Trends in Average Minimum Balances

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 even more accessible as the average minimum balance to open an account dropped further below the \$100 mark.

Six months ago, an average of \$87.60 was required to open an account; but now that average is just \$84.97. At a time when many poorer Americans feel shut out of the banking system, this opens the door a little bit wider.

Minimum Balance to Open



# Trends in Checking Account Fees 2020

The most recent MoneyRates Checking Account Fee Survey identified trends that underscore these concerns about checking account fees - but it also found trends that show how consumers can find cheaper solutions.

First, the bad news:

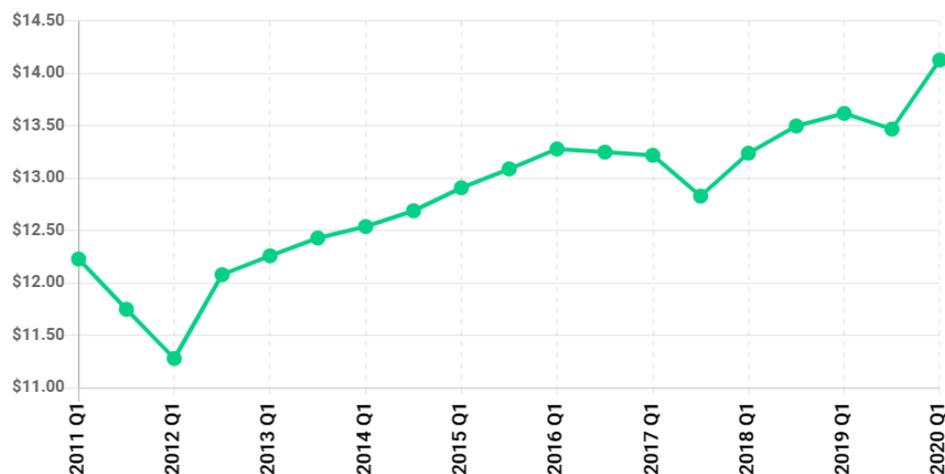
## Monthly maintenance fees rose

The Checking Account Fee Survey found that, over the past six months, the average monthly maintenance fee charged for a checking account rose by \$0.66 to \$14.13. Multiplied by 12 months, this represents an annual expense of \$169.56.

That is the highest level monthly maintenance fees have been in the seven years MoneyRates.com has been conducting this survey.

This expense is an issue for most checking account customers because nearly two thirds of the checking accounts surveyed charge a monthly maintenance fee.

Average Monthly Maintenance Fees



## ATM fees at record highs

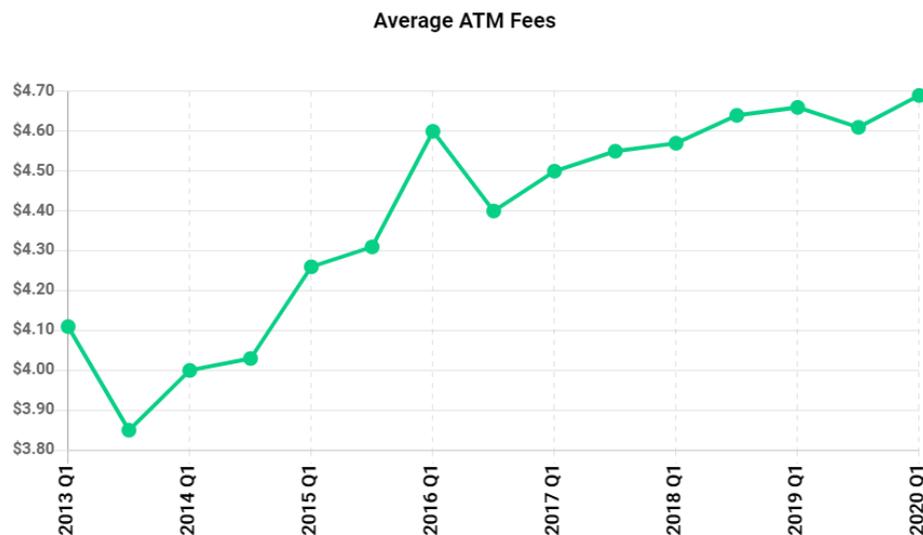
ATM fees also rose to a record high. Generally speaking, there is no charge if you use your own bank's ATM or a machine that is part of a network to which your bank belongs.

Use the wrong ATM, though, and you are likely to pay twice.

Banks typically charge their checking account customers a fee for using an out-of-network ATM, plus the owner of that machine is likely to charge you as well.

Add these two ATM fees together and it costs an average of \$4.69 for using an out-of-network ATM.

That might not sound like a big deal - but do that just once a month over the course of a year, and it will add \$56.28 to your banking bill.



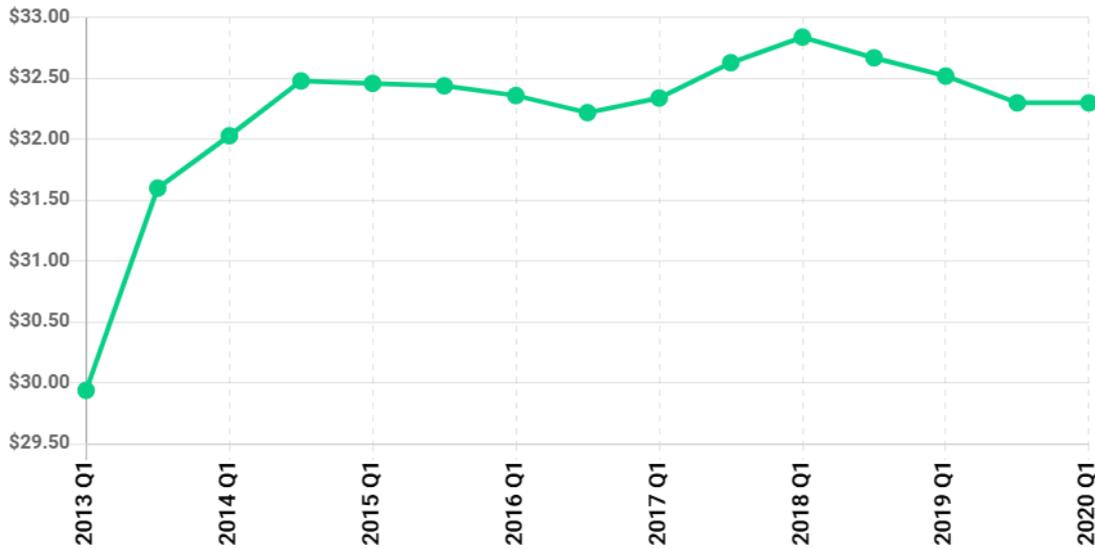
### **Overdraft protection fees unchanged**

On the good news/bad news front, overdraft fees held steady since the last survey, at an average of \$32.30 per occurrence.

Though overdraft fees at least didn't rise, \$32.30 is already a pretty high level.

What makes overdraft fees so dangerous is that banks often charge you that fee for each transaction you had while the account was overdrafted. So, losing track of your balance just once could lead to a multiple number of those \$32.30 charges.

Average Overdraft Fees

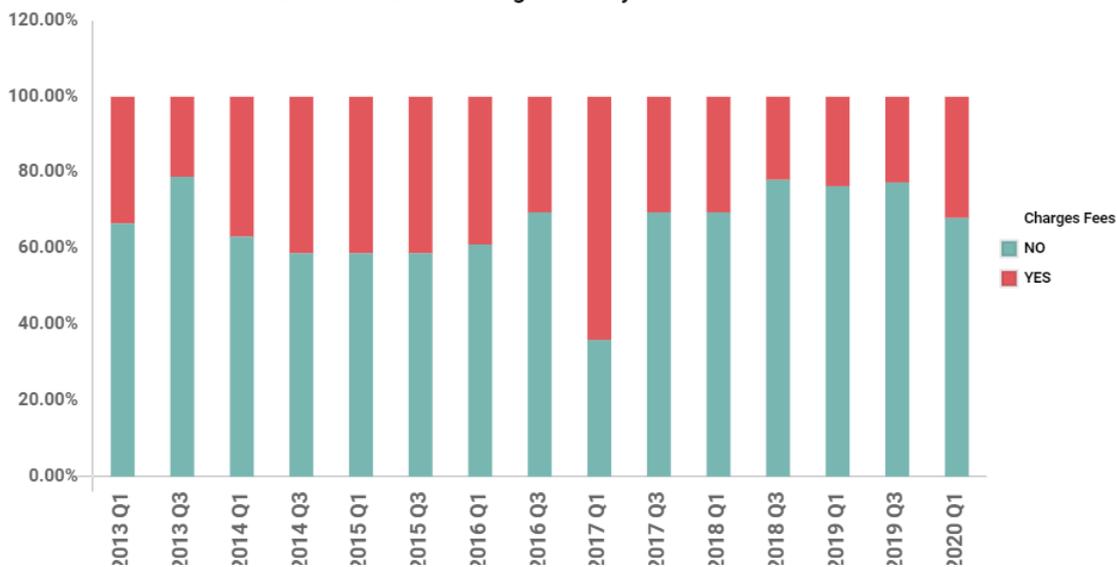


### Online banking is cheaper

One way to get a break on bank fees is to use an online checking account. The survey found that, while just over 70% of traditional, branch-based checking accounts charge a monthly maintenance fee, most online accounts have no monthly fee.

Plus, [overdraft fees for online accounts](#) are cheaper by better than \$5 per occurrence, and ATM fees are \$2 per transaction cheaper.

Do Online Banks Charge Monthly Maintenance Fees?



[Can You Pay Bills Directly from a Savings Account?](#)

## How Do You Save Money on Checking Accounts?

With monthly maintenance fees reaching a record high, finding ways to save money on your checking account is more important than ever.

Also, the average \$169.56 that maintenance fees add up to over the course of the year is just the beginning of what your checking account can cost you.

If you overdraw your account a few times or make a habit of using the wrong ATMs, it can easily add hundreds more to that total.

This is money that could easily be saved.

If you'd like to see a few hundred more dollars in your account at the end of the year instead of paying it to the bank, consider the following tips:

### **Look online for free checking**

Charging monthly maintenance fees is the norm for branch-based checking accounts, but most online accounts do not charge these fees. That may be the most compelling reason for switching to an online account.

### **Understand the limits of free checking**

Usually, what banks mean when they talk about "free checking" is that there is no maintenance fee. But there are numerous other ways banks make money from their checking account customers. Two of the most prominent are overdraft fees and ATM fees, and now nearly a third of all accounts assess an extra fee if you want to receive a paper statement.

## **Use digital tools to manage your checking account**

While even online accounts typically charge overdraft fees, digital tools can help you keep closer track of your checking account balance to help you avoid overdrafts in the first place.

Colin M. Slabach, Assistant Professor of Retirement at the American College for Financial Services told MoneyRates that these tools could be a big money-saver for consumers. "I believe digital banking over time will decrease the number of overdraft fees as people use text alerts and other forms of notifications to prevent overspending."

## **Recognize that big isn't better**

The biggest financial institutions are household names that tend to come to mind first when you think of banks. However, just because these giant banks are the most prominent doesn't mean they are the best choices for consumers.

Compared to smaller banks, large banks are more likely to charge monthly maintenance fees. Those fees are also more expensive at large banks, as are overdraft fees and ATM fees. A smaller bank often means smaller fees, so look beyond the most obvious choices when [shopping for a bank](#).

## **Timing is everything when it comes to avoiding overdrafts**

Many banking transactions are automated these days, such as direct deposits and automatic bill-paying. That's a big convenience, but the timing of these transactions can lead to overdrafts.

Make sure you know how long it takes your paycheck to hit your bank account and, if possible, check that a deposit was received before you assume it is there. Know what the billing cycles for any automatic bill payments are so you can be sure to have funds available when the time comes.

## **Leave yourself a cushion**

People often try to move as much money as they can from their checking account to a savings account so it can earn more interest.

That may sound like a good idea, but it can backfire if you cut things so close that it causes you to overdraw your checking account.

Especially with interest rates so low these days, leaving a little extra money in your checking account as a cushion against overdrafts can be worth more than the small amount of [interest that money would have earned in a savings account](#).

## How to Shop for the Best Checking Accounts

The banking industry is set up to benefit from customers who don't bother to look for better deals and are careless about how they incur fees. Making a move to a free checking account today takes a big step toward showing the banks they can't take advantage of you.

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

### 1. 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.

### 2. Choose an account suited to your banking habits

- If you overdraw 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.

### 3. 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 aren't getting any breaks in recent months because of higher fees.

Still, you don't have to settle for that. 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.

## Here are leading offers from other online banks

<b>Account Type:</b> Interest Checking 	<b>Zip Code</b> <input type="text" value="94612"/>	<input type="button" value="Update"/>
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	Sign Up Bonus 	Monthly Fee 	APY* 	
 <b>Citi</b>	<b>\$700</b>	<b>\$0</b>	<b>0.03%</b>	<input type="button" value="Apply"/>
Min Opening Balance Out-of-Network ATM Withdraw Fee Overdraft/NFS Fees	\$50,000 \$0 \$34	24/7 Customer Support Out-of-Network ATM Fee Reimbursement Advertiser Comments 	Yes Yes	Rates as of 8/20/2020
 <b>Axos Bank</b>	<b>\$0</b>	<b>\$0</b>	<b>1.25%</b>	<input type="button" value="Apply"/>
Min Opening Balance Out-of-Network ATM Withdraw Fee Overdraft/NFS Fees	\$50 \$0 \$0	24/7 Customer Support Out-of-Network ATM Fee Reimbursement Advertiser Comments 	Yes Yes	Rates as of 8/20/2020
 <b>Chime</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>	<input type="button" value="Apply"/>
Min Opening Balance Out-of-Network ATM Withdraw Fee Overdraft/NFS Fees	\$0 \$2.5 \$0	24/7 Customer Support Out-of-Network ATM Fee Reimbursement Advertiser Comments 	Yes No	Rates as of 8/20/2020
 <b>BBVA Online Checking</b>	<b>\$200</b>	<b>\$0</b>	<b>0.00%</b>	<input type="button" value="Apply"/>
Min Opening Balance Out-of-Network ATM Withdraw Fee Overdraft/NFS Fees	\$25 \$3 \$32	24/7 Customer Support Out-of-Network ATM Fee Reimbursement Advertiser Comments 	Yes Yes	Rates as of 8/20/2020

Rates / Annual Percentage Yield terms above are current as of the date indicated. These quotes are from banks, credit unions and thrifts, some of which have paid for a link to their website. Bank, thrift and credit unions are member FDIC or NCUA. Contact the bank for the terms and conditions that may apply to you. Rates are subject to change without notice and may not be the same at all branches.

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- [Bank Fees Survey - Checking account fees surprisingly fall](#)
- [Bank Fees Survey - Less Than 1 in 3 Banks Offer Free Checking](#)
- [Bank Fees Survey - Checking Accounts Still Cost \\$159 Annually for Americans](#)
- [Bank Fees Survey - Americans Pay \\$159 Per Year for Checking Accounts](#)
- [Bank Fees Survey Mid-2015 - No escape from rising checking account fees](#)
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- [Bank Fees Survey mid-2014 - Fees hit new highs](#)
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