

## Bank fees keep climbing, but there are ways to avoid them

### First in a five-part series [Checking Madness](#)

By Libby Wells • [bankrate.com](#)

The numbers are scary, but there are ways to beat them.

That is the message consumer advocates are pushing in response to [bankrate.com's](#) (sm) semiannual checking account price study that exhaustively looks at what banks across America charge you today when you use their services.

[Bankrate.com](#) (sm) reviewed nearly 1,200 basic checking accounts at 353 financial institutions in the nation's 35 largest cities.

The conclusion: The cost of establishing -- and maintaining -- a checking account, the core relationship most customers have with their bank, is climbing at a steady pace.

Bounced check fees and ATM charges are on the rise, too.

### Stay alert, shop around

To keep bank charges to a minimum, customers now need to remain more alert than ever to what their banks can do when, for example, balances dip, checks bounce or you use your ATM card, say the experts.

And some old-fashioned advice from mom has become "in" again: Shop around. There is competition and there are better bank deals out there.

The study found that the cost of keeping a basic checking account with a balance high enough to avoid fees has jumped \$166, or 14 percent in the past year.

On average, a customer has to keep \$1,294 in an account to evade monthly service charges, compared with \$1,128 last year, the survey shows.

### Tiny returns

[Bankrate.com's](#) (sm) analysis finds that interest-earning accounts, which average a piddly 0.84 percent, are the worst deals.

If you keep \$1,300 in an interest-bearing account, it would earn \$10.92 in a year. But if you put it into a high-yielding money market account earning 5 percent, it would grow by \$65.

"Any interest income earned on these accounts is negated by the high minimum balance requirements to avoid fees, exorbitant monthly service charges and/or per-item charges," the survey says. "Analysis shows that consumers are much better served in finding a truly 'free' checking account, even if the account does not pay interest."

Some other findings of the survey are:

The number of banks offering noninterest accounts that can be opened for \$1 -- once a staple product -- has dropped from 23 percent to 16 percent;

The minimum to open an interest-earning account averages \$370, or \$72 more than last year's average of \$298;

The amount you need to open a noninterest account, \$76, has stayed the same since last year, but \$100 is now the most common requirement;

The opening minimum for all accounts combined -- interest- and noninterest earning -- has gone from \$174 to \$208, an increase of \$34.

If you can't maintain a high balance, you will pay about \$7.82 a month, or \$94 a year, in flat fees.

The survey found that the hit consumers take for writing a bad check averages \$23.06, up \$0.76 from just six months ago and \$1.31 higher than in 1998. ATM surcharges average \$1.38, but the most common fee is \$1.50.

### The cost of doing business?

Jim Mataya, regulatory specialist in the government relations division of [America's Community Bankers](#), defends the price tag banks put on checking accounts.

"Checking accounts are a service that are extremely labor intensive. It's a very expensive process moving billions of pieces of paper every day," he says. "The typical bank has lots of resources in this process. It's almost like a free service."

Others see it differently.

Jean Ann Fox, director of consumer protection for the [Consumer Federation of America](#), says technology has reduced costs and banks don't pass along the savings.

"The backroom operations are automated by computers. It's hard to believe that it's that difficult to provide basic banking services," she says.

### Lots of writing going on

Checks are a huge source of profit for banks. According to a [Federal Reserve Board](#) study, \$73.5 trillion in checks were cleared in 1995, an average of \$201 billion a day. The overnight interest rate for that year averaged about 16 cents per check, or \$11.7 billion.

"Shop as hard as you can and take your business elsewhere to minimize costs. Determine your needs and take an account that fits the way you will use it."

Even though checks remain the most popular form of payment, with about 68 billion checks written a year, persistent increases put checking accounts out of reach for about 12 million Americans, and harder to afford for those who already have bank accounts.

"The fee structure does make it extremely difficult for limited resource families, including students, people struggling to reach financial independence by getting off welfare rolls and retired people," says Jane Schuchardt of the [American Council on Consumer Interests](#) and a senior fellow of the National Endowment for Financial Education in Denver.

"It's not only costs, but services are restricted, too," she says, citing such things as limits on teller visits, ATM transactions and the number of checks that can be written.

### **The price of safety**

Folks living on a shoestring budget may be tempted to use check-cashing stores or money orders, but Fox says it's safer to stick with banks.

"Rising bank fees probably lead some people to give up a bank account and go to a cash-only basis," she says.

"But then you run the risk of having all your money in liquid form, making it hard to save and making you vulnerable to theft and requests for money. You also end up spending hundreds turning checks into cash to pay bills."

Her advice: "Shop as hard as you can and take your business elsewhere to minimize costs. Determine your needs and take an account that fits the way you will use it."

When looking for a place to bank, consider these options:

**Linked accounts** -- Your savings account may offset minimum balance requirements for checking.

**Direct deposit** -- Some banks offer free or low-cost checking if you have your paycheck deposited electronically.

**Express accounts** -- If you do most of your business by ATM, phone or computer, these accounts feature unlimited check writing, and low monthly fees and balance requirements.

**Lifeline accounts** -- Geared toward low-income people, these accounts are either free or cost no more than \$6 a month. Minimum deposits to open and balance requirements range from low to nothing. There are limits to the number of checks you can write each month.

**Senior/student checking** -- Some banks offer deals if you are in school or age 55 or older.

**Credit unions and community banks** -- If you qualify to join a credit union, that is your best option. Products at credit unions are more affordable all around. Next to that, smaller regional or community banks offer the best checking deals.

## **Rebound from bounced checks with overdraft protection**

### **Second in a five-part series: Checking Madness**

By Libby Wells • [bankrate.com](#)SM

Of all the costs that come with having a checking account, nothing stings worse than bouncing a check. But with banking more complicated than ever, keeping track of checking account balances can be extremely difficult for busy people.

According to [bankrate.com](#)'s (sm) latest semiannual checking account price study, the penalty that banks impose for the infraction is becoming increasingly severe.

But you can slap down those bouncing check charges with a little inside information and some clever account management.

### **NSF fees rising**

A survey of 353 financial institutions in the 35 largest cities in America found that the average nonsufficient funds (NSF) fee has risen to \$23.06 per check, up \$0.76 from six months ago and \$1.31 higher than last year, when fees averaged \$21.75.

The most common charge, however, is \$25.

Some metropolitan areas are even steeper, the study finds. Philadelphia averages \$29.72 per bounced check. One bank in that city, Commerce Bank, charges \$32.

Sacramento, Calif., the survey finds, has the lowest average at \$14.33.

Nonsufficient funds fees reap giant profits for banks, according to a June 1998 report by the [Consumer Federation of America](#).

### **Profiting from your mistake**

The study found that banks generated more than \$5.2 billion a year in bounced check revenue and \$918 million from charging their customers for depositing someone else's bad check.

"Banks are charging 11 to 32 times what it actually costs them to process bounced checks," the CFA study said, "and nine to 11 times what it costs to handle deposited checks that bounce."

One method some banks use to maximize those fees is to clear the biggest checks first rather than process them in the order they are received. This means smaller subsequent checks bounce, allowing banks to charge you more than once.

### **Pros and cons of punishment**

Jim Mataya, a regulatory specialist in the government relations division of [America's Community Bankers](#), a Washington, D.C., trade group, says bounced check fees are high because

they are intended to punish.

"I know that's a touchy point and a lot of people don't understand, but it's a penalty. That's the message here," he says. "Like a parking ticket, it's punitive. It may sound harsh, but there's a lot of legal precedent there to make it justifiable for banks."

But consumer advocates say bounced-check fees are exorbitant and they deplore bank tactics to maximize those profits.

Laura Polacheck, senior analyst of legislation of public policy for the [American Association of Retired Persons](#), an advocacy group for older consumers, says banks are gouging people.

"It's unconscionable for banks to purposely bounce checks. It certainly does not cost them \$25," she says.

"And I don't see any justification for charging customers to deposit a check that bounces. Obviously, if they deposit it they think it's good.

"Where is the culpability on the customer? There should be no punitive aspect to that."

Besides what banks charge, consumers get hit at the other end, too, by the merchant who received the bad check.

### **Protection from the dreaded bounce**

There is, however, some relief in the form of overdraft protection -- where the institution pays the check when there is not enough money in the account to cover it.

There are choices when it comes to overdraft protection, but according to bankrate.com's (sm) study, the lowest-cost choice is a checking account linked to a savings account.

"It's unconscionable for banks to purposely bounce checks. It certainly does not cost them \$25. And I don't see any justification for charging customers to deposit a check that bounces. Obviously, if they deposit it they think it's good."

The most expensive option, and the one most commonly offered by banks, is a line of credit, the survey finds. A third option is a credit card charge. With any of the options, the bank automatically moves the money into your checking account to cover the overdraft.

Bankrate.com's (sm) analysis found numerous advantages to the savings account link. There is an average transfer fee of \$4.63, but the pluses offset that cost:

You can avoid an annual fee. The survey found 98 percent of institutions don't charge a flat yearly rate for this service.

It's the only protection available to all customers. Applications and credit approvals are required for a

line of credit and credit card.

A transfer from savings is commonly limited to the exact amount of the overdraft, whereas credit line and credit card withdrawals are moved in incremental amounts. For example, the bank might move \$200 from a line of credit line or charge card to cover an overdraft of \$101.

You aren't charged interest to use your own money. With credit lines and credit cards, the interest rate clock starts ticking immediately and goes until the amount is repaid. The average annual percentage rate for the credit line is 17.1 percent; 15.9 percent for credit cards.

There is no specific repayment schedule and, therefore, no risk of late fees.

However, customers who use their savings account to cover overdrafts need to watch their bottom line to make sure they don't incur a fee for dipping below the required minimum balance.

### **Some simple precautions**

To dodge the bullets of bounced check fees, or minimize their costs, consumers need to:

Balance their checkbooks regularly, taking into account debit transactions and fees.

Compare monthly statements to the checkbook as soon as they arrive.

Make balance inquiries over the phone, the Internet or at the ATM to get more up-to-date information -- but be wary of fees charged for balance inquiries made at ATMs.

Designate an overseer for a joint account.

Consider rounding off check transactions to the next dollar instead of to the penny. This can help cover overdrafts and fees, and leave you with some extra bucks at the end of the month.

Ask your bank in what order they process checks to avoid the "biggest first" fee fiasco.

Janice Shields, director of the Institute for Business Research and the author of the June 1998 report for the Consumer Federation of America, urges customers to compare the price of overdraft protection, but adds: "The better thing to do, and the cheapest, is to balance your checkbook."

## **ATM and debit card fees are climbing, but you can dodge them**

### **Third in a five-part series: [Checking Madness](#)**

By Libby Wells • bankrate.comSM

ATM surcharges are rising and reaching into more pockets than ever and, according to consumer

advocates, providing hefty profits for banks.

That irksome fee you pay every time you use some other bank's automated teller machine is not only going up in price, it is becoming more widespread, according to bankrate.com's (sm) semiannual checking account survey.

But as ATM charges rain down harder than ever, there are umbrellas to keep you out of the worst of it.

### **Banks charging ahead**

An analysis of 353 banks in America's 35 largest cities found 78.4 percent of banks charging fees to use ATMs, compared with 70 percent just a year ago. The average fee has gone from \$1.33 to \$1.38 in a year. But 41.4 percent of banks assess \$1.50.

Based on figures from the General Accounting Office, bankrate.com (sm) estimates that banks are collecting \$1.9 billion from consumers every year.

"These charges continue to be a hotly debated issue," the study says, "with consumers and advocacy groups on one side, and banking institutions on the other."

When you think ATM card, you also could be thinking debit card.

For the first time since it began analyzing checking account costs in 1997, bankrate.com (sm) included debit cards. Debit cards look like a credit card and are used primarily for point-of-sale transactions.

"A staggering percentage of institutions offering debit cards and ATM cards charge the same fees," the study says. Of the 310 institutions offering debit cards, 295 had the same price structure for debit and ATM cards, the survey found.

### **Fighting the fees**

In California, cities and smaller financial institutions are doing something about ATM surcharges. In 1997, 319 credit unions and six community banks joined to form the No-Surcharge ATM Alliance. Concentrated on the West Coast, the union lists surcharge-free ATMs on the CO-OP Network [Web site](#).

In addition, some California communities are drafting laws banning surcharges.

The Santa Monica City Council passed an ordinance Oct. 12 that will prohibit them effective Nov. 11, Berkeley and Los Angeles are considering similar bans and San Francisco voters are expected to abolish ATM surcharges when they vote Nov. 2 on Proposition F.

"Surcharges have caused outrage around the country," says Adam Radinsky, deputy city attorney and head of Santa Monica's consumer protection unit. "We're just the first city to do anything about it."

In addition, state banking commissioners in Iowa and Connecticut have banned surcharges.

### **Paying twice at the ATM**

The reason the fee is so despised is because in most instances, a consumer pays twice. Wherever there is a surcharge from that other bank, there is usually a "foreign" or "off-us" fee charged by your own institution.

Bankrate.com's (sm) survey found a drop in the number of banks that don't charge the foreign fee. Only 11.3 percent of banks surveyed this year did not impose the fee, compared with 12.8 percent last year. Of banks that do, the most common amount is \$1.50.

Unlike the surcharge, which you are notified of at the other guy's ATM, you get no heads-up on a foreign fee from your own bank. You just need to know your bank's policy.

Part of the off-us fee goes to reimburse the ATM owner, which means that bank is getting paid twice -- both times by the consumer.

Your bank is also getting a "double dip" because the other bank is giving it something for your business.

"The lion's share stays with your bank, but everybody gets a cut," says Radinsky.

Everybody but the consumer. You get a \$20 ATM withdrawal from another bank and it costs you \$3.

### **Profit or cost?**

Banks say the surcharge helps them cover the cost of buying, installing and maintaining ATMs.

Advocates say it's all about profits, and the losers are consumers and smaller financial institutions.

"Surcharges have caused outrage around the country. We're just the first city to do anything about it."

Santa Monica, says Radinsky, is an example. Two banks -- Wells Fargo and Bank of America -- control 60 percent of the 100 ATMs in Santa Monica, he says. People avoid surcharges by taking their business to the big banks with larger ATM networks.

"The surcharge inherently favors larger players," says Radinsky. "People leave the small banks."

Laura Polacheck, senior analyst in the division of legislation of public policy for the [AARP](#), agrees. "The surcharge is just an incentive to switch to that other bank that has the ATM," she says.

"The theory that banks do this to discourage giving business to other banks makes no sense. ... They are gouging people for pure profit."

To find surcharge-free ATMs, consumers can check out the following Web sites: [CO-OP Network](#), [CUNA](#), [Independent Community Bankers of America](#) and a [national directory](#) of surcharge-free

ATMs.

## Ways around the charges

Besides moving to Iowa, Connecticut or Santa Monica, there are a few other things you can do to avoid surcharges:

Stick to your own bank's ATM network.

Switch to a bank with a larger ATM network if you do most of your banking that way.

Ask for cash back when you use your ATM card at the grocery store; there is generally no charge for this.

To minimize ATM trips, withdraw larger amounts each time.

Use a teller, but be sure you won't be charged a fee for doing so.

Bankrate.com's (sm) survey found that 92 percent of banks do not charge customers to use their own teller machines, but there are other fees sometimes associated with ATM cards which consumers need to be aware of. They include:

Point-of-sale charges -- About 80 percent of banks do not charge their customers to use their debit cards for purchases, according to bankrate.com (sm), but other customers should watch out for fees of \$.15 to \$1.50 per transaction.

Annual fee -- Only 10 percent of institutions surveyed this year charge customers for the privilege of using their card, but that is double the number from last year. The most common fee is \$12.

Card replacement fee -- The cost to replace a lost or stolen card continues to be borne by 51.3 percent of banks studied, but that is a 2.7 percent drop from last year. The most common fee is \$5.

International fees -- The majority of banks charge customers to use their cards abroad. The survey found the most common fee to be \$1.50, but there are banks charging up to \$5 per foreign transaction.

## Customers save time and money with online access to their bank

### Fourth in a five-part series: [Checking Madness](#)

By Libby Wells • bankrate.comSM

Banks are waving the sale signs out in cyberspace. Online account access and electronic bill payment are cheap, if not free, right now. One- to three-month introductory offers are hot, and competition is getting stiffer.

Bankrate.com (sm), in its survey of nearly 1,200 accounts from 353 banks in America's 35 biggest cities, found that no-charge access is the trend and

more places are offering automatic bill-paying for just a few dollars a month.

"The trend for access fees is toward eliminating them altogether and providing free access for online customers," the survey says. "Fees in all ranges have decreased since March."

Here are some other goodies bankrate.com (sm) found out about the cyber system:

64 percent of the banks offer free online access; six months ago, only 38.1 percent did.

Of those banks that charge for access, the average fee is \$5.44 a month, but \$2 to \$3 is common.

76 percent have free trial periods, of which 96.6 percent last one to three months.

86.8 percent of banks offer unlimited online sessions.

98.9 percent of banks let you pay your mortgage and other obligations online. The average fee is \$6.74 a month, but banks commonly charge \$4 to \$6.

25 percent don't charge a penny for e-pay and include it in the access fee.

### Access charges: On borrowed time

Jim Bruene, editor and publisher of [Online Banking Report](#), a monthly magazine, says access charges will fall by the wayside. If account information and activities are available for nothing via phone, ATM and bank visits, why should customers pay to cyber-balance?

"Online access hasn't got much chance of being a real cost," he says. "The precedent is already set. The price trend will be zero."

He projects bill-paying fees will be extinct in a few years also, as entities such as cyberbanks, Yahoo! and even credit card companies provide automatic services.

"I think competition won't give banks a choice. They are not the only ones offering bill paying services. There is too much competition on the Web from nonbanks," says Bruene, who led U.S. Bancorp's venture into online banking via Microsoft Money in the early 1990s.

Balance requirements and monthly account fees aren't going anywhere, though, so online banking does have its price. Consumers need to comparison shop as they would for any checking account.

### Customers save money

But it will always save time, paper and gasoline, which aren't cheap commodities. And it can help you MAKE money if you are a small business owner, keep track of it if you are watching large balances and ensure timely payments if you are always receiving late notices.

"It's going to be the ATM thing all over again. Banks

will get people hooked and then charge a fee."

Gerri Wool of Fort Lauderdale was in the last category. A bartender, Wool admits that balancing her checkbook and getting bills out on time were challenges she usually didn't meet.

"I was bouncing a few checks, would never remember to write down my debits," she says.

About a year ago, she went online with First Union and started paying every single bill electronically -- rent, utilities, car note, credit cards and loans.

"All of them are programmed to go out the same day every month," says Wool. "If I go out of town or whatever, I don't have to worry about it."

### Rare visits to the bank

For \$6.95 a month, she oversees her checking and savings accounts and a home equity line of credit. "Once a week I go through the drive-through to deposit my check. That is the only interaction I have with a physical bank," she says.

Wool maintains the minimum balance requirement on her checking to avoid other charges, but figures the savings in bounced-check fees alone makes online banking worth it for her.

"Now I can see what my balance is and see the fees immediately. I was the perfect person for this because I'm always late paying my bills."

Of the 40 percent of U.S. households with a personal computer, Bruene says 7 percent to 9 percent have been lured by the convenience, accuracy, timeliness and security of online banking since it took off in 1996.

Competition, he says, will continue to drive prices lower. "Costs are going to fall way down. Eventually it will be cheaper."

Though they are not as up to speed as major players such as [Wells Fargo](#) and [Bank of America](#), more than 1,500 credit unions and community banks with online services are giving the big guys a race, Bruene says.

A big surprise

[First Community Bank](#) in east Tennessee with \$112 million in assets, is one example. The bank set up its Web site a year ago after learning that about half of its 10,000 patrons had personal computers.

"Banks are absolutely going to have to get into this. It's not so much economics as it is convenience. Lives are much more complicated now and folks don't have time to go to the bank."

"We did a survey and, son of a gun, a lot of our customers were online," says Steve Waller, vice president and head of the bank's online accounts. "And here we thought we'd be playing catch-up."

The bank, headquartered in Rogersville, Tenn., with two branches in the Hawkins County area, charges

\$4.95 a month for e-pay and nothing for online access. Service charges range from \$10 to \$15 a month, depending on the type of checking account.

"Banks are absolutely going to have to get into this," says Waller. "It's not so much economics as it is convenience. Lives are much more complicated now and folks don't have time to go to the bank."

Fees in the future?

While Bruene predicts cyberbanking will become cheaper in the next few years, other industry watchers say it will be fertile for fees once the newness wears off.

"It's going to be the ATM thing all over again," says Janice Shields, director of the Institute for Business Research in Washington, D.C. "Banks will get people hooked and then charge a fee."

Wayne Moore, an assistant professor in the department of family economics for the University of Tennessee extension service, agrees. Moore piloted the school's program to help low-income families set up bank accounts.

"Right now, it's a honeymoon," he says. "But a year from now, what's not to say it won't level out?"

"Just like introductory credit card rates, it's one of those dangers we have to be aware of."

## Telebank ranks highest in survey of 20 best and 20 worst checking accounts

### Last in a five-part series: [Checking Madness](#)

By Libby Wells • [bankrate.com](#)SM

A cyberbank has snatched top honors in [bankrate.com](#)'s (sm) annual checking survey.

And the winner is the "branchless" [Telebank](#) from the Washington, D.C., market.

But if your bank still bogs you down with fees, makes you keep a \$10,000 balance that earns no interest and the account still costs several hundred dollars a year to maintain -- it's time to shop both bricks and clicks.

[Bankrate.com](#) (sm), in its semiannual checking account price study, has rounded up the 20 best and 20 worst deals to make the trek through the banking mega-mall a little easier.

The best deals share a characteristic that will help narrow the search: You won't find one at any of the 50 largest banks in the country.

The 20 worst are a lot alike, too: Fourteen are at three of the four biggest banks.

Go local for best deals

The survey found that community banks and

savings and loans still beat the pants off the national megabanks when it comes to offering good deals.

The key to getting the best deal: Shop around. For example, free checking accounts are available in all of the country's 35 major cities.

Before making a decision, though, consumers need to ask themselves whether the savings will offset the hassles of switching.

"To undo the kind of stuff you have to do to get a low-cost checking account is a lot," warns Jeanne M. Hogarth of the [Federal Reserve's](#) Consumer and Community Affairs division.

"If you have established an electronic relationship -- with direct deposit, online bill paying -- and you decide to pick up and move, you have your mortgage, car payment, utilities and a whole bunch of things to change," she says.

If you weigh everything and your bank still comes up lacking, there is good news. "You do have to shop and compare, but there are lower cost alternatives out there," says Hogarth.

Virtual is its own reward

The best checking deal on bankrate.com's (sm) list is a virtual reality.

Telebank gets the crown and roses for its attractive yield -- 3.15 percent -- which nets \$32.35 a year if you maintain a \$1,000 balance. Actually, they do have one branch (that was one of the criteria for the bankrate.com (sm) survey)

"Community banks and savings and loans continue to have the price edge over their bigger, national rivals."

Virginia-based Telebank, which early this year became the first nationwide cyber institution to join the ranks of the top 50 federally chartered savings banks, charges only \$5 a month if you can't keep the minimum balance, and lets you open an account for \$100 and no fee for six months if you set it up via the Internet.

The mud pie goes to [Citibank](#) FSB in San Francisco and Miami.

Their Regular Checking accounts in those cities are tied for the worst of the Worst Deals, requiring a whopping \$10,000 balance that is not earning interest to avoid a \$25 monthly fee. Bounced checks cost \$30 apiece. Total cost to the consumer each year is \$330.

"Citibank has the distinction of the four worst accounts," bankrate.com's (sm) study says.

The bank's other checking accounts that round out the top four duds are the interest checking account in the same two cities, which yield only 0.50 percent in Miami and 0.75 percent in San Francisco. These accounts fall below even what bankrate.com (sm)

found to be a puny national average of 0.84 percent. Citibank also has two other accounts on the Worst Deals list -- its Basic Checking in Miami and San Francisco -- for six of the 20 most expensive checking accounts, bankrate.com's (sm) survey found.

"We tailor our accounts to various transactional needs," says Citibank spokesman Mark Rodgers.

### The good guys

"Community banks and savings and loans continue to have the price edge over their bigger, national rivals," the survey found.

The No. 2 and 3 best deals are in Seattle at United Savings & Loan which has made the list previously. United's Personal Checking and Super Checking accounts feature 2.79 percent yields that earn \$24.85 a year if you maintain minimum balances of \$500 and \$1,500, respectively. Monthly services fees are below average, at \$5.

Washington Federal Savings & Loan's interest-earning Performance Checking accounts in Seattle, Phoenix and Portland are also among the best buys. And Washington Federal has been on the Best Deals list before.

"Virtually all the best buys had a few things in common," bankrate.com's (sm) survey concludes. "Low minimums to open and avoid fees, high yields and lower-than-average overall fees."

The 20 Worst Deals are a lot alike, too:

16 are interest-bearing;

15 require a \$10,000 balance to avoid fees;

17 charge a monthly service fee of \$20 or more;

They cost \$251 to \$330 a year to maintain.

Assisting Citibank in providing the most Worst Deals are [NationsBank](#)/[Bank of America](#) and [First Union](#).

NationsBank/Bank of America blankets California with four rotten offerings -- the Prima Checking account in Los Angeles, San Francisco, San Diego and Sacramento.

Its Advantage Checking in Miami, another city hit hard by bad deals -- five altogether -- ranks as the 20th worst deal.

First Union has three bombs with its Performance Checking accounts in Philadelphia, Norfolk, Va., and Charlotte, N.C.

### Chasing good deals

There is one big player whose name is conspicuously missing from the Worst Deals list. [Chase Manhattan](#), the second-largest bank, is not running with the pack.

"Virtually all the best buys had a few things in common. Low minimums to open and avoid fees,

high yields and lower-than-average overall fees."

"Chase continues to employ a more modest monthly service fee and lower minimum balance requirement to avoid fees than those on the worst deals," bankrate.com's (sm) survey says.

California, where seven of the 20 worst deals are located, does have a couple of counter-punches, thanks to Luther Burbank Savings in San Francisco.

Luther is a newcomer to the Best Deals, with its Regular Interest Checking and Unlimited Money Market Checking.

Luther also has the distinction of charging the lowest rubber-check fee on the list, at \$10.

A few good men

Other institutions making their first appearance in the Best Deals list are:

Alden State Bank in Buffalo, N.Y., with its Money Fund account;

FirstBank of Colorado in Denver, which has an attractive offering in its Money Market Checking;

Collinsville Building and Loan Association, in St. Louis, which has two accounts in the top 20 -- First Class and NOW checking.

A few more banks hanging in there to provide Best Deals for at least the second time are:

Bay Financial Savings in Tampa, which had the best account in [last year's survey](#)

Arundel Federal Savings in Baltimore

United Midwest in Columbus, Ohio

Flagstar Bank in Detroit

Matrix Capital in Phoenix

Essex Savings in Norfolk, Va.

First Federal in Kansas City, Kansas

Wauwatosa Savings in Milwaukee

Consumers who think they have to stick with a bank because they have been there a long time can find themselves in a rut, says Jane Schuchardt of the American Council on Consumer Interests.

"Banks are big on brand loyalty," she says. "Consumers need to get past that. It's critical to shop around and compare not only cost, but the services you're getting, too."

Note: bankrate.com (sm) surveyed 1,183 accounts at 353 financial institutions in the 35 largest markets. The rankings are based on a \$1,500 monthly balance held in a checking account for one year, with an average of 12 transactions a month and one bounced check per year. Simple interest is credited if it is an interest-earning account.

## The worst checking deals bankrate.comSM

These are the worst checking deals found in the bankrate.com (sm) semiannual checking account pricing study. For each account, we made the following assumptions: a \$1,500 monthly balance is maintained; 12 transactions are completed per month; 1 check is bounced per year; simple interest is credited to the account if it is interest bearing; checks are returned; customers don't use direct deposit.

Institution	Account	Yield	Min to Avoid Fees	Monthly Fee	Per Item Chrg	NSF	Notes	Annual Cost
Citibank FSB San Francisco	Regular Checking (no interest)	N/A	10,000	25.00	All	30.00	Check fee: \$0 for photocopies; \$5 for original checks.	- \$330.00
First Union Philadelphia	Performance Checking	0.90%	10,000	25.00	All	30.00		- \$316.50
Bank of America Los Angeles	Prima Checking	0.40%	10,000	22.00	All	10.00	Tiered NSF: \$10 for 1-3; \$20 for 4-6; \$27 for 7+.	- \$268.00

From the bankrate.com (sm) semiannual checking account price study

## The best checking deals bankrate.comSM

Institution	Account	Yield	Min to Avoid Fees	Monthly Fee	Per Item Chrg	NSF	Notes	Annual Income
Telebank Washington	Interest Checking	3.15%	1,000	5.00	0.00	15.00	Monthly service fee: If opened by Internet, \$100 to open and no fee for 6 months.	\$32.25

### Checking study: key findings

For its semiannual survey of checking services, bankrate.com (sm) surveyed 1,183 accounts at 353 financial institutions in the 35 largest markets.

The key findings were:

1. Charges for bouncing checks (NSF fees) are on the rise.
2. A greater percentage of banks hit non-customers with surcharges for using their automated teller machines.

3. Customers looking to avoid fees have to let the bank keep more of their money.

4. Banks are raking more off the top of customers' accounts in the form of service charges.

