

Bank of America Drops Plans for Debit Card Fees Due to Public Outrage

November 2, 2011 - It was just last month that Bank of America announced plans to start charging its customers \$5 per month for the privilege of making purchases with a debit card. The publicity that the announcement generated was anything but good for B of A. Now, after a month of daily roasting in the press and through the blogosphere, the bank has decided to raise the white flag of surrender. The bank's decision is a big victory for consumers, but there is still a real danger that banks will simply replace this fee with other charges that are applied with a little more stealth.

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At the time B of A first announced its planned debit card fees, a number of other banks including Chase and Wells Fargo were experimenting with similar fees in specific markets. The bad publicity surrounding B of A's announcement quickly forced other banks to change their plans. Just last week, Chase made the announcement that it would not be implementing debit card fees nationwide, and that the fees that it is currently charging experimentally would come to an end on January 1st.

Over the past month, a number of smaller regional banks, credit unions, and online banks have been actively advertising using the fees to their advantage. These savings institutions have regularly made note of the fact that many of the country's largest banks had announced new fees, or were considering them, and then telling potential clients that if they moved their money, they could avoid such fees.

Many bank analysts are saying that while consumers won this battle, they may not have won the war. There is a very good chance that many banks will replace the proposed debit card fees with other fees. This could be done by requiring higher daily average balances, fees for making deposits using a teller rather than an ATM, higher ATM charges, etc. The opportunities for banks to impose fees are virtually unlimited.

Consumers need to be looking for notifications from their banks about changes to their terms of service. These may come via snail mail or e-mail, and can be long and boring to read. But they are important as they also contain detailed information on fees and charges. If you receive this type of notice from your bank, read through it. And if you don't like what you see, notify your bank. If your bank doesn't respond in a way that pleases you, then vote with your feet and move your money to a financial institution that actually values you as a customer.

by Jim Malmberg

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