

Far More CUs Than Banks Offer Free Checking

Only 45% of banks offer free checking options vs. 72% of CUs

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Nearly three-fourths (72%) of America's 50 largest credit unions offer free checking accounts without a minimum balance requirement, according to Bankrate.com's 2012 Credit Union Checking Survey.

Plus, an additional 10% of these credit unions will waive monthly fees if account holders maintain a minimum balance ranging from \$100 to \$750.

In comparison, only 45% of banks offer free checking without minimum balance requirements, and banks' minimum balance requirements tend to be much higher: \$585 for noninterest-bearing accounts – and a staggering \$5,587 for interest checking accounts.

“Overall, 98% of the credit union checking accounts that we surveyed are either free or can become free if the account holder meets minimum balance, direct deposit, and/or e-statement requirements,” says Greg McBride, CFA, Bankrate.com's senior financial analyst. “So credit unions remain a viable, consumer-friendly alternative for finding a free checking account.”

Most credit union checking accounts that Bankrate.com surveyed (68%) don't pay interest. Those that do yield an average of 0.12%, down from 0.17% last year, which is consistent with the ongoing declines seen in cash investments.

Other findings:

Credit unions also charge less than banks for overdrafts. The average cost of the first overdraft is \$26.65 among credit unions, compared to \$30.83 at banks. The most common fees credit unions assess are \$25 and \$30, compared to \$35 at banks.

Ninety-six percent of credit unions surveyed charge nonmembers for using their ATMs. The average ATM surcharge is \$2.08, versus \$2.40 at bank-owned ATMs.

The most common credit union surcharge is \$2, compared to \$3 at banks.

Half Would Switch if Fees Increased

More than half (51%) of U.S. consumers would shop for another financial institution if their current provider raised checking account fees, according to a survey by the National Foundation for Credit Counseling.

Sixteen percent of those polled probably wouldn't notice the fee increase, and 11% would "grin and bear it."

Another 16% of respondents said they would complain if checking fees are increased, and 6% would close their accounts and use prepaid debit cards.

(Source: www.creditunionmagazine.com)