



ATM Fees Hit Record High; Overdraft and NSF Fees Down Sharply

Interest checking accounts still plagued by high fees and balance requirements with very low yields

NEW YORK - August 30, 2023 - According to Bankrate's annual Checking Account and ATM Fee Study, the average combined ATM fees for an out-of-network withdrawal (the fee paid to your own bank as well as a surcharge levied by the ATM owner) hit a record high of \$4.73, beating the previous high of \$4.72 in 2019. On the other hand, overdraft fees and non-sufficient funds (NSF) fees have dropped dramatically compared to years past, but are still charged by most banks. The study has surveyed non-interest and interest accounts and their associated fees going back 25 years. Click the below link for more information:

<https://www.bankrate.com/banking/checking/checking-account-survey/>

ATM Fees

Both surcharges and the total cost for an out-of-network ATM withdrawal hit new highs this year: the average surcharge (a fee levied by the ATM owner) is now \$3.15, slightly above last year's record of \$3.14 and marking the 22nd record high in the past 25 years. Additionally, nearly 2 in 5 (38%) banks offer free out-of-network withdrawals - this is a slight decline from last year's record of 41%. However, every ATM owning-bank surveyed will charge non-customers.

The cost of combined ATM fees varies by metro area: Atlanta has the highest at \$5.33, and Boston has the lowest at \$4.24.

Highest Average ATM Fee by Metro*	Lowest Average ATM Fee by Metro*
1. Atlanta - \$5.33	25. Boston - \$4.24
2. Phoenix - \$5.24	24. Philadelphia - \$4.31
3. Detroit - \$5.21	23. Seattle - \$4.34

4. Cleveland - \$5.13	22. Cincinnati - \$4.45
5. San Diego - \$4.99	21. Baltimore - \$4.52

**Reflects both ATM fees combined (those charged by the out-of-network ATM operator and those charged by the consumer's own financial institution)*

“ATM fees are biting harder than ever as the cost of out-of-network withdrawals hits a new record high,” said Bankrate Chief Financial Analyst Greg McBride, CFA. “But with less need for cash and expansive ATM networks that make it easier than ever to stay within network, the fees are easily avoidable and need not be a frequent drain on your bank account.”

Overdraft and NSF Fees

In contradiction to the rise of ATM fees, Bankrate's study found that both overdraft fees and NSF fees have significantly decreased. The average overdraft fee fell to \$26.61, down 11% from last year's average of \$29.80, while the average NSF fee has reached a record low of \$19.94, down 25% from last year's average of \$26.58. This is a drastic shift from recent years, as the average NSF fee was at a record high of \$33.58 in 2021. While these decreases are evidence of banks moving away from overdraft and NSF fees, the majority of banks still charge them (91% and 70% respectively).

Overdraft fees also vary by metro area, with Philadelphia having the highest (\$32.70) and Miami having the lowest (\$18.00).

Highest Average Overdraft Fee by Metro	Lowest Average Overdraft Fee by Metro
1. Philadelphia - \$32.70	25. Miami - \$18.00
2. Pittsburgh - \$31.30	24. Washington, D.C. - \$18.47
3. Denver - \$29.45	23. New York City - \$22.53
4. Houston - \$29.35	21. San Diego & Los Angeles (tie) - \$23.18*
5. Atlanta - \$29.05	20. San Francisco - \$23.38

**San Diego and Los Angeles were tied, coming in at 21 overall*

“Fees for overdrawing an account have waned but are still charged by the overwhelming majority of accounts and can run as high as \$38,” said McBride. “Opt out of overdraft protection on ATM withdrawals and small dollar debit card purchases, but check your available account balance before initiating transactions to avoid overdraft fees altogether.”

Interest and Non-Interest Checking Accounts

Interest checking accounts are still plagued by high fees and balance requirements, but maintain very low yields. The average monthly fee on an interest checking account is \$15.33, down 5% from \$16.19 in 2022, but is still the 4th highest monthly fee seen since Bankrate began conducting this survey in 1998. That's compared to a monthly fee of only \$5.31 on a non-interest account, down 2% from \$5.44 in 2022, and has stayed within the range of \$5.08 - \$5.86 observed since 2012.

In addition to having high monthly fees, interest checking accounts also have high balance requirements. The average balance required to avoid the monthly fee is \$8,684 for interest checking accounts (down 10%; the 3rd-highest level ever observed), compared to only \$469 for non-interest checking accounts (down 13%, the lowest level since 2010) on a non-interest account. Given these high costs, the average yield on interest checking accounts is a mere 0.05%, only a slight increase from the record low of 0.03% from the past two years.

Overall, free checking for non-interest accounts is widely available, or very easily attainable. Over 4 in 5 (87%) of non-interest accounts are either completely free (45%, meaning no balance requirement or monthly fee) or can become free with eligible direct deposit (42%). This is down slightly from 90% in 2022, when 46% of accounts were free and 44% could become free with the direct deposit waiver.

“Despite a widespread pullback in overdraft fees, free checking has not become a casualty,” McBride added. “Free checking accounts are still widely available, either on a standalone basis or when signing up for direct deposit. Avoid accounts that require stranding a balance to avoid fees when you can get a free checking account and move your excess funds into an online savings account at a time when yields exceed 5%.”

Methodology:

Bankrate conducted the survey among a total of 10 banks and thrifts in each of 25 large U.S. markets; 1 interest and 1 non-interest checking account, as well as their associated ATM fee policies, were surveyed from 245 financial institutions offering consumer checking accounts; 230 interest checking accounts and 232 non-interest checking accounts were surveyed between June 12 - June 30, 2023.

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