



Interest Checking Account Fees Hit Record High, Average Yield Ties Record Low

ATM Fees Lowest Since 2016: Atlanta Has The Highest, Chicago Has The Lowest

New York – October 21, 2020 – Bankrate’s annual Checking Account and ATM Fee Study was just published, revealing some key insights into checking account offerings and ATM fees across the U.S.:

- For interest checking accounts, average monthly fees and balance requirements to avoid the fee hit record highs (\$15.50 and \$7,550 respectively) while the average yield ties record low (0.04%)
- When it comes to non-interest accounts, the highest percentage of free accounts are available (47%) since 2010 and average monthly fees hit a 6-year low (\$5.27)
- Average combined ATM fees drop to the lowest since 2016 (\$4.64) with Atlanta having the highest (\$5.60) and Chicago having the lowest (\$4.11)
- Overdraft (NSF) charges hit a record high of \$33.47. Philadelphia has the highest (\$35.70) and Cincinnati has the lowest (\$30.42)

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

Interest Checking Accounts

The new record high of \$15.50 for the average monthly fee is up 3% from last year’s \$15.05 and breaks the previous record high of \$15.24 in 2015. The average balance requirement to avoid that record high fee is \$7,550, up 6% from last year’s \$7,123, the previous record. 70% of the interest accounts require maintaining that balance, either in the checking account or across all accounts, to avoid the fee.

Avoiding the fee with direct deposit is on the rise, however, now with 21% of the accounts waiving the fee based just on direct deposit, up from 19% and 16% the 2 previous years. Less than 7% of interest-bearing accounts are free without stipulation. And about that interest – the average yield on interest checking accounts ties the record low of 0.04% last seen in 2014.

ATM Fees

The average ATM surcharge – the fee that ATM owners charge non-customers – inched lower to \$3.08 from last year’s record high of \$3.09. In a rarity that seems fitting for the year 2020, this breaks a streak of 15 consecutive years of increases in the average surcharge. The average surcharge has increased in 20 of the past 22 years, with 2004 and 2020 being the exceptions.

The average fee charged by banks on their own customers for out-of-network ATM withdrawals is down for the third year in a row to \$1.56 and is the lowest since 2013. This owes to a surge in free out-of-network ATM withdrawal policies, with 35% of accounts now offering this. Counting those temporarily waiving the fee due to the Covid pandemic, 37% of accounts allow for free out-of-network ATM withdrawals. The average fee of \$1.56 is down 4% from \$1.63 last year and is 9% below the 2017 record of \$1.72. Though more accounts than ever offer free out-of-network withdrawals, customers would still face the surcharge by the ATM owner.

Put the two fees together and the total cost of the average out-of-network ATM withdrawal is \$4.64, down less than 2% from last year’s record high of \$4.72, but the lowest since 2016.

Highest ATM Fees by Metro*	Lowest ATM Fees by Metro*
1. Atlanta- \$5.60	25. Chicago- \$4.11
2. Tampa- \$5.20	24. Los Angeles- \$4.17
3. Detroit- \$5.18	23. Seattle- \$4.19

4. Houston- \$5.03	22. Boston- \$4.28
5. DC Metro- \$4.93	21. Cincinnati- \$4.31

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

Bankrate.com’s Chief Financial Analyst Greg McBride, CFA says: “To avoid fees, consumers should limit ATM withdrawals to within their own bank’s network. While large banks have large ATM networks, many smaller banks and credit unions belong to nationwide fee-free alliances that may have significantly more ATMs available than even the ATM networks of big banks. One other option is getting cash-back at the point of sale when using a debit card. Banks don’t charge and very few merchants do either, amounting to a free withdrawal.”

Non-interest Checking Accounts

Among non-interest checking accounts, there was a notable increase in the availability of free accounts. 47% of non-interest accounts are free, up from 42% last year and the highest percentage since 2010. Each of the 25 markets surveyed had at least one free checking account available among the largest institutions in the market.

An additional 52% of accounts will waive the fee, including 41% that will waive the fee based solely on having direct deposit. The percentage of accounts waiving the fee with only direct deposit was down from 43% last year but remains in the 40%-45% range seen since 2016. Less than 1% of non-interest accounts have no way to avoid the monthly fee.

Of those accounts with monthly fees, the average fee has fallen to a 6-year low of \$5.27, down 6% from \$5.61 last year. In addition, the balance required to avoid the fee is down for a fifth year in a row to \$594 and is the lowest since 2011. The minimum opening balance of \$156 also represents a 6-year low.

“Consumers can avoid balance requirements and monthly fees by looking for a free, typically non-interest account. Without a balance requirement, there is no need to strand extra money in a checking account and that money can be better deployed in an online savings account. Avoid interest checking accounts, with their high balance requirements, high monthly fees, and low yields averaging just 0.04%. Nearly 90% of non-interest accounts are free or can become free by signing up for direct deposit,” adds McBride.

Overdraft (NSF Fee)

The average fee for non-sufficient funds (NSF) – the cost of overdrawing a checking account – increased to a new record of \$33.47, up 0.3% from \$33.36 last year. The most common fee is \$35, as it has been for the past dozen years. Although the range of fees was unchanged from one year ago and the average fee moved up only slightly, the upward trend in the fee is unmistakably intact, with increases outnumbering decreases by a margin of more than 10-to-1.

Highest Overdraft (NSF) Charges by Metro*	Lowest Overdraft (NSF) Charges by Metro*
1. Philadelphia- \$35.70	25. Cincinnati- \$30.42
2. Houston- \$35.18	24. San Francisco- \$31.44
3. Baltimore- \$35.05	23. St. Louis- \$31.60
4. Phoenix- \$34.80	22. Los Angeles- \$32.11
5. Atlanta- \$34.60	21. Minneapolis- \$32.26

“Avoiding costly overdraft fees requires keeping close tabs on your checking account balance, and specifically the amount available for immediate withdrawal. But slip-ups occur so put in a line of defense by establishing a link between your checking account and savings account at the same bank so that money is immediately transferred into the checking account to cover any shortfall. An increasing number of fintech companies and neobanks are offering accounts that do not charge overdrafts and are worth considering for those with more than the occasional overdraft,” says McBride.

Methodology

The survey group consisted of a total of 10 banks and thrifts in each of 25 large U.S. markets; 1 interest and 1 non-interest account, as well as their associated ATM and debit card fee policies were surveyed from 245 institutions offering checking accounts; 239 interest and 235 non-interest accounts were surveyed between July 23 – August 19, 2020.

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