

consumer action

Education and advocacy since 1971

What to Consider When Switching Banks

If you're going to switch banks, try to choose one you can be happy with for a long time. Think about what's most important to you in a bank and narrow the search down to those financial institutions that come closest to meeting all your requirements. There are a number of things to consider.

Security

The FDIC (Federal Deposit Insurance Corporation) insures bank deposits up to \$250,000 per depositor, per insured bank, for each account ownership category. The NCUA (National Credit Union Association) does the same for credit union accounts. Visit www.fdic.gov or www.ncua.gov to find out if your money is covered if the institution you're considering fails.

Accessibility

Choose a bank or credit union with branches nearby if you want to be able to walk up to a teller or access a safe deposit box. If you're content to do your banking online and via ATM, you can get great deals from Internet-only banks. You'd have to deposit any paper checks by mail or by transferring their images electronically using your scanner or your smartphone and an app.

Account costs

Account costs include things like monthly maintenance fees, online banking fees, debit card fees, funds transfer fees, and per-check fees. Most banks will waive fees if you use direct deposit, maintain a minimum balance or do all or most of your banking online or by phone and ATM. There's no guarantee your new bank won't raise its fees, but Internet banks, community banks and credit unions may be less likely to do so.

ATM locations and fees

Make sure the bank or credit union you choose either has a conveniently located network of fee-free ATMs or that it reimburses your foreign (non-network) ATM fees. Find out if there's a reimbursement limit—up to \$20 in fees or up to six ATM transactions per month, for example.

Online and mobile banking

Most financial institutions offer online and mobile banking, though Internet-only and very large banks will offer the most robust features and capabilities. These include easy website navigation, up-to-the-minute online transaction history, online and mobile bill pay, e-bill, automatic recurring payments, account alerts, online account transfers, an easy-to-use mobile banking app, and digital check deposits. If you'll utilize all or many of these tools, online and mobile banking belong at the top of your priority list.

Interest

With interest rates so low, how much you earn on your checking account balance or on a small linked savings account should not be at the top of your priority list. However, all other things being equal, you may as well get the highest rate you can. Generally speaking, you'll find the best rates at online-only banks. Credit unions typically pay more than the large national banks. Compare "annual percentage yield" (APY). Find out if the interest-bearing checking account you're considering requires a minimum balance.

Policies and practices

If you're moving your account because you don't like what your bank has been doing—from giving exorbitant executive bonuses to aggressively foreclosing on unemployed homeowners—consider a bank or credit union's record of social responsibility, community support and ethical business practice before choosing a new home for your money. An online search will yield news, reviews and company statements that will help you make a decision.

Consumer Action

www.consumer-action.org

Chinese, English and Spanish spoken

221 Main Street, Suite 480
San Francisco, CA 94105
415-777-9635
TTY: 415-777-9456

523 W. Sixth Street, Suite 1105
Los Angeles, CA 90014
213-624-8327

Submit consumer complaints about credit cards (or another consumer problems) to our advice and referrals hotline: hotline@consumer-action.org or 415-777-9635