

consumer action

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How to Switch Banks

Switching banks may sound time consuming and stressful, but it doesn't have to be. Moving your checking account to a new financial institution—one that charges lower fees, offers more features, delivers better customer service or has a business philosophy you can respect—can be accomplished in seven steps.

1. Open a new account at the bank or credit union you choose. Know what the minimum initial deposit requirement is and how you'll fund it—cash or check, a credit or debit card, or a wire transfer from another account. Set up an overdraft protection plan linked to a savings account, credit card or line of credit.

2. Order new checks and a debit card. If your new bank or credit union doesn't offer free checks, shop around. Mail order check printing services typically offer lower prices. You'll need a canceled check if you are employed and want your paychecks deposited automatically into your new account.

3. Set up electronic transfers between your old account and your new one. This will allow you to move money between the accounts as needed to cover payments, debits and checks during the transition. Establishing the connection can take a few days.

4. Set up online banking and online bill pay. Visit your new bank or credit union's website and follow the instructions for setting up online banking. From there, you can add the names, account numbers and addresses for everyone you pay using online bill pay. Download the app if you plan to bank or deposit checks using your smartphone.

5. Move automatic recurring payments from your old account to your new one. The best time to do this is right after the bill has been paid. Make sure there's enough money in the new account to cover the next payment even if you haven't received your first direct deposit by then. Update online and other accounts, such as PayPal or a Christmas Club, that are linked to your checking.

6. Move direct deposits to your new account. Fill out new direct deposit forms with your employer, pension administrator or anyone else who deposits money for you. (Government benefits recipients can find federal agency contact information at www.GoDirect.gov.) You'll need the account number and the routing number (the first nine digits at the bottom of the check) for your new account. It can take anywhere from a couple of weeks to a month for the transfer to take effect.

7. Close your old account when you're sure that all pending transactions have cleared and that automatic payments and direct deposits have begun for the new account. A monthly maintenance fee may be imposed on a formerly free checking account once the balance drops below a minimum level or direct deposits have ceased.

Consumer Action

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

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