



Durbin Amendment Takes Effect October 1, 2011 Where Should Consumers Go Now?

"Our two cents' worth" from a couple of ex-bankers

If you change banks, find one that's big enough - branches, ATMs, asset size - to do everything you need. It should have a history of delivering good overall value for reasonable costs.

Nothing is "free."

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Background

Bank of America has introduced a \$5.00 monthly charge to customers who use debit cards to make retail purchases. More big banks will soon follow. Retailers will be paying around 50% less per debit transaction to banks larger than \$10 billion. Retailers will make more, banks will make less. Stores will now reduce their prices - of course! - while banks replace lost income by tacking on more fees, eliminating "free" checking, and making life a little more expensive for customers.

We think it's good for you to know what's happened as a result of the Durbin Amendment, a last-minute addition to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. But more importantly, what can you do now?

Options

- Stay with your big bank. Either upgrade to a "premium" account that requires large deposit balances, or just use your debit card at the bank ATM. Pay for purchases in cash or by credit card. Expect more "nuisance" fees from the bank as you go along.
- Establish another banking relationship. We suggest an institution:
 - Smaller than \$10 billion in assets (exempt from Durbin)
 - Able to charge low fees - and has been doing it already - due to organizational structure and business model (community banks, mutual banks, credit unions)
 - Big enough - with full product line and efficient back office, multiple locations and ATMs, and high profile in and around where you live and work. (regional banks)
 - Community spirited (not just a "nice to have" in this day and age. A *very* "nice to have.")

Best Choices, in Our Opinion:

- Credit unions and community banks are both good options. The convenience of a community bank that has a sizable regional footprint makes such a bank the best choice. Massachusetts has several excellent ones.