

Four in five US consumers won't tolerate a monthly debit card fee

CHICAGO, US: Consumers are quickly becoming fed up with banking fees. If your financial institution began charging US\$2/month for the convenience of having a debit card with your cheque account, what would you do?



Recent research from Mintel Comperemedia found that only 19% of consumers would pay the fee and continue to use the card, while 56% said they would use another payment method instead.

Not surprisingly, consumer sentiment about bank fees doesn't seem to be subsiding. Almost a quarter of those surveyed (24%) reported that they would switch banks over a US\$2/month fee. Moreover, 29% of individuals surveyed for a separate study said they had heard of Bank Transfer Day that took place on 5 November, 13% actually transferred banks and 8% planned to do so.

"Banks moved customers into new services like debit cards and online banking because they were cheaper and more profitable than cash and cheques," says Susan Wolfe, vice president of financial services at Mintel Comperemedia.

"They can't now backtrack and charge consumers for things they've been offering for years at no additional cost."

It seems banks aren't getting the hint, as the incidence of free cheque accounts has plummeted in recent years. In Q3 2007, 75% of cheque account acquisition offers mentioned free cheque transactions. For the same period in 2011, that number dropped to 29%.

"It's clearly been a tough year for banks, but the answer doesn't lie in charging customers for things that the bank wants them to do anyway - like using their debit card," adds Susan Wolfe. "A better idea would be offering new products and services they wouldn't mind paying extra for: personal financial management tools, coupons and discounts offered through the online banking system, these are untapped markets that customers would respond to, and wouldn't mind being charged for."

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