

Time to Close One's Mouth and Think

by [Steve Brown](#)

Banks sure can sure get a raw deal sometimes. We recently sat in on a banking conference where a bloviating reporter lambasted banks for charging him \$5 at an ATM. We don't know how much money he took out of the machine, but let's say it was 100 bucks. That is a 5% charge, if our math is any good this morning. Unfortunately for this reporter, he must not fly very much because if he had, we wonder what he would say about the airlines.

To understand what we mean, consider that we had the occasion to change a flight at the end of the conference. For a variety of reasons (too many to mention here) we ended up calling the main 800 number of the airline for assistance. The person was friendly; but they also seemed a bit too giddy, as they took what should have been a simple change to a reservation and turned it into a laundry list of fees. To set the stage, this cross-country flight on a major airline was originally booked for one person at \$512.46. Given a change in scheduling, the simple act of moving just the return leg to one day earlier seemed to take on a life of its own. In the end, it left us wondering why this guy felt banks were evil by charging a paltry 5% fee when he was so out of touch with the rest of the world around him.

Getting back to the airline, we note that the customer service representative was cheerful. As we changed the ticket and inquired about the cost, the first line of defense from the rep quickly surfaced. Our 30 second discussion to change the dates would "only" result in a "change fee" of \$97.00. While we didn't like the fee, it seemed reasonable since a hotel stay would cost more and this would allow us to get back to work sooner; so we agreed. At this point, we felt like a fly in a fly trap; because, you see, in a very sweet voice, the rep then surfaced that the ticket would lead to an additional "reissue fee" of \$200.00. After digesting that, and given the circumstances, we pushed onward and reluctantly agreed. The agent continued talking and typing, saying thank you all the way along as they then announced there would also be a small \$25.00 "ticketing servicing fee." Since, by then, we had already fallen to the floor and hit our head, we told them to go ahead.

This time they closed off the ticketing process and announced the new seat assignment for the ticket was "B" as in "Bravo." Since that sounded like a middle seat, we asked whether that was the case and they informed us "oh, yes this is all that is left unless you want to upgrade." Since this was a nearly 6 hour flight, we thought about it and asked the rep for other options. They then offered us an upgrade to a "preferred seat" for only \$97. Mind you, this wasn't first class, business class or any class - it was simply what appeared upon boarding to be a seat held aside for desperate people just like us. It reportedly had one extra millimeter of space between the seats, but since we lacked a ruler we couldn't tell. Thank goodness we had all that extra space when the guy in front of us flipped his seat all the way back. Without all of that extra space, we would have been jammed in like a sardine.

As we flew back to the office, we ran a quick analysis for you and sincerely hope this reporter is forced to travel soon. The bank = 5% charge for non-customer ATM usage. The airline = \$419.00 in fees for a \$512.46 ticket, or nearly an 82% fee!

In jest we suggest bankers think about adding some new fees into the mix, just like the airlines. We might propose a teller line "consideration fee" of \$25 (considering whether or not to get into the line);

a teller line "access fee" of \$150 (for actually getting into line); a bank space usage fee of \$99 (for coming into the branch in the first place) and a "customer assistance" fee of \$75 (charged to any customer that answers back when you say hello and ask them how they are doing today).

It may not be the best to be compared to airlines, so we also point out the fact that many other businesses charge fees way above the paltry 5% of the banker (i.e. 6% for realtors, 10% of the sale amount for eBay, 20% to 30% of what a new employee earns for a year for recruiters, \$200 to \$1,000 per hour for attorney's, etc.). It is downright crazy to say bankers charge too much for services, so we hope this guy closes his mouth.

BANK NEWS

M&A

Independence Bank (\$278mm, CA) will buy Premier Service Bank (\$129mm, CA) for \$8.6mm in cash and stock.

M&A

Home Bank (\$971mm, LA) will buy Britton & Koontz Bank (\$302mm, MS) for \$34.5mm in cash.

Crackdown

Regulators are warning banks to carefully monitor vendors and third parties amid increased activity in outsourcing. Examiners expect banks to manage risk associated with third parties "at a level commensurate to its use of those relationships" and incorporate strong planning, due diligence, contract review, monitoring, independent review and contingency around such arrangements.

ATM Job Offers

Wells Fargo said it has begun offering certain customers that use ATMs a job with the bank. A button reportedly pops up asking whether the person selected would like to join the Wells Fargo team and start a conversation.

Record Fine

Hedge fund SAC Capital Advisors has pleaded guilty to insider trading charges, will close its investment advisory business and pay a record \$1.8B in fines.

Still Ugly

The European Union (biggest trading partner of the U.S.) said it expects growth will remain weak (1.1%) as unemployment rates stay near record highs for the next 2Ys.

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