



## Surfing Through Fee-Free Options

business customers competition

**Summary:** Big banks are bowing to pressure from fintechs and offering fee-free mobile-only accounts. We give you the details on what is happening and how best to compete.

Elon Musk sure seems to have an active mind. He has rolled out limited edition hats, flamethrowers and other things that seem to have nothing to do with his primary business activities. Given it is summer perhaps, he has now announced Tesla is selling limited-edition surfboards for \$1,500 each, and they are so amazing looking that they have already sold out. We wonder what he will think up next.

As you think about catching a big earnings wave this year, we zero in to alert you about how some big banks are bowing to pressure from fintechs and offering fee-free mobile-only accounts. To better understand what these banks are doing and how best to compete, we open up our discussion with some examples.

JPMorgan Chase recently launched its mobile-only Finn checking and savings accounts. These have no monthly service fees and no overdraft fees. Instead, if there isn't enough money in the account, the bank just declines transactions. Finn account holders also receive a debit card, and the mobile app has an ATM finder icon to locate ATMs (without any fees).

Not only are the offerings fee-free, but the Finn mobile banking app has expanded functionalities that even the Chase app doesn't currently have. These include a P2P option via Zelle along with a number of personal financial management tools and auto save rules as well, to help customers.

Wells Fargo said it plans to soon launch its Greenhouse app for transacting within checking and saving accounts, transferring money via Zelle, and managing money via financial management tools. Like Finn, Greenhouse also has no fees. It seems very similar to Finn, so some research being used by the biggest banks points to this as a valuable way to capture customers.

The question now is how community banks can compete with these new offerings from big banks.

One way perhaps is to introduce matching fee-free checking accounts for customers using certain channels. While most banks still charge fees for overdraft protection, this could be changing.

A community bank in FL for instance allows customers to open a fee-free checking account with only \$100, no minimum monthly balance, a debit card and a free first order of checks.

Another community bank in VA requires only \$25 to open a fee-free account, with no minimum monthly balance. It also allows customers to select online national discounts and community business discounts. Moreover, customers can conduct transactions at branches, so the accounts aren't mobile-only like Finn and Greenhouse.

If you are unsure if fee-free options are necessary in your market, you may want to dig deeper in your expanded community to see what features are really important. Maybe your customers just aren't looking for fee-free accounts yet or are more reluctant to change banks for a few dollars' difference in fees.

Just knowing this can help your bank. So, conducting some sort of informal survey of potential customers may give you good information, as you decide which way you need to go.

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Managing [interest rate risk](#) is both art and science. Regulators have raised the bar and community bankers have more to do than there are hours in a day. To see how easy it is to outsource & get expert help, contact us today.

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