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## Responses Are Likely to Vary To BofA's ATM Fee Increase

Credit Card Management, Arrival Time: 2007-12-28

By Louis Berney

Now that **Bank of America Corp.** has increased from \$2 to \$3 the surcharge fee it assesses noncustomers at most of its ATMs, other banks and ATM operators are considering how to respond. Some ATM deployers may raise their rates. Others, though, may view BofA's decision as a marketing opportunity.

Which direction an ATM deployer takes depends on how many ATMs it operates and whether there are competing ATMs in close proximity to its own machines, observers say. Some deployers also will try to develop a rationale for increasing their surcharge fees, weighing whether potential gains would outweigh possible losses.

That question is not easily answered, especially because opinions differ over why BofA hiked the surcharge fee it charges at the more than 11,000 of its 17,000 ATMs deployed at its banking centers. BofA continues to charge noncustomers \$2 per transaction at its 6,300 off-premise machines. BofA also exempted Chicago from the rate hike,

Smaller banks are weighing different priorities. Private Bank of Buckhead in Atlanta, for example, deploys just one ATM. As with many banks, including Wachovia, Private Bank picks up at least a portion of its customers' surcharge costs incurred when using other banks' ATMs. That means the bank itself will have to pay an extra \$1 to cover its customers' costs when they use a BofA ATM.

"For us, that's money well spent," says Charlie Crawford, Private Bank president and CEO, noting the reimbursement helps cement customer loyalty.

While Private Bank pays the entire cost of surcharges assessed its customers by other ATM operators, some banks limit how much they rebate. Wachovia, for instance, reimburses only up to \$6 per monthly billing cycle for surcharge fees customers incur.

### DOMINO EFFECT

Crawford says Private Bank's ATM, which is located near other deployers' machines, including one BofA operates, costs more to install and operate than it brings back in revenues. The bank deploys the ATM solely for customer convenience.

Private Bank does not plan to increase its surcharge fee, but Crawford says he would not be surprised if other deployers do. "There's a possibility, like airlines, that one raises the prices and others follow."

an imaging system that electronically scans checks that customers deposit into their accounts, eliminating the need to use deposit envelopes.

Tony Hayes, director of Oliver Wyman Financial Services of Boston, contends the surcharge increase supports both Deville's and Reiss' contentions. He says the rate hike can help BofA increase revenues to recoup the cost of the new check-imaging ATMs. And he believes the higher fee might give noncustomers an incentive to open demand deposit accounts with the bank and thus avoid the fee.

There is no consensus among experts, though, on whether the higher surcharge might encourage noncustomers to become BofA accountholders or whether consumers will become so turned off by