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6 truths to know when choosing a bank

By [Constance Gustke](#) • Bankrate.com

Should you trust your banker to watch out for you?

Not always. They have incentives and goals to meet, such as referring a specified number of clients each month to a department that handles mortgages or car loans, says Robert Laura, president of Synergos Financial Group in Howell, Mich.

The dilemma: A banker's bottom line may not be the same as yours. "For banks, it's about gaining wallet share," Laura says.

The remedy is to know exactly what banking products you need. Here are six things to keep in mind when shopping for a bank.

Deep pockets get deeper rates. Many bank programs have tiered interest rates for higher deposits, Laura says. For example, jumbo certificates of deposit, which usually have \$100,000 minimum deposits, typically offer higher yields than CDs in smaller amounts, he says. "Bankers want to capture more dollars," Laura says.

Multimillion-dollar clients may even get additional insurance over the \$250,000 deposit limit per bank set by Federal Deposit Insurance Corp. How? A bank may offer a Certificate of Deposit Account Registry Service, or CDARS, says Greg McBride, CFA, senior financial analyst at Bankrate. Banks belonging to the CDARS network let wealthy investors spread large CD deposits among different banks while still being insured.

Currently, more than 3,000 financial institutions -- largely medium and small banks -- offer this extra insurance protection.

Overseas banking is costly. If you plan to travel often, beware of extra ATM costs. Bank of America belongs to the Global ATM Alliance, which offers free ATM withdrawals internationally at member banks. This can reduce fees overseas if you have an account at one of those banks. But banks that don't belong to the alliance may charge processing fees that quickly add up.

In certain countries, you might be charged differently when using a debit card versus the credit card side of a debit card. Ask your bank what these additional fees might be before you travel overseas.

Beware, you may not see these fees until you get your monthly statement, says Paul Schaus, president of bank consulting firm CCG Catalyst in Phoenix. "Read your account disclosure statement before you go," he says.

Your bank branch manager is your friend. Longtime customers with multiple accounts can secure better account deals, such as getting fees waived or nabbing higher yields, McBride says. "And branch managers have the power to negotiate them," he adds.

Some banks even have overdraft fee-waiver policies, granting a set number of two or three each year. Still, repeat offenders are less likely to get waivers.

Also, online banking customers may get better terms than in-branch bank customers. The reason is the bank's lower cost of service online, which can be passed along to customers, McBride says.

"Everything is negotiable," Laura says. "You may get a 5- or 10-basis-point increase on a CD yield, if you ask."

Schaus says smaller banks and credit unions are the most likely to give higher rates and waivers. "When dealing with big banks, you're just a number," he says.

Credit card default rates can bite. Banks may charge an annual percentage rate on a credit card as high as 30 percent, Laura says. And reasons for the high rate run the gamut, from missing a payment window by just one day or skipping a payment. To find out what penalties can be levied, check the credit card pamphlet that states terms and conditions, he says.

"When reading it, you may wonder why anyone uses a credit card," he says.

Package deals may not be deals at all. Relationship pricing, where banks reward consumers with multiple accounts, may be more beneficial for consumers than just stand-alone bank accounts, McBride says. "But you still need to shop around," he says. "Compare each account against the competition."

Bankers may hold the upper hand in disputes. Some banks put clauses in their contracts that mandate the use of arbitration rather than jury trials when disputes arise.

"Banks would rather go through arbitration than trials, because jury members see deep pockets when judging a company," Schaus says. Arbitrators tend to compromise more, he says.

Bankrate's McBride offers this final tip: Become an educated consumer, so you can discern a good offer from a less competitive one.