

Banks Ramp Up on Small Business Fees

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Appeared on Jan 22, 2010

Even with all their federal bailout making ends meet these days - and one fees for individual and small-business billion in overdraft fees alone in 2008, cited on an *ABC Nightline* story. That's banks are doing it even more

Customers have noticed, with banks satisfaction in years, according to J.D. thorn in the side of customers, both of According to J. D. Power, 46% of all bank fees so far in 2009. Overall, compared to 2008, the report adds.



money, many banks are having a tough time of their solutions is a dramatic increase in accounts. Banks raked in an astonishing \$36 according to a study by Moebs Services triple what they collected in 1992. And big aggressively than small community banks.

now reporting the lowest levels of customer Power & Associates. Fees are a particular the retail and small business variety. bank customers reported a problem with customer satisfaction is down 19%

So what's a small business owner to do?

For starters, like the J.D. Power survey attests; start looking for banks that will play ball if yours won't. That's what David Lewis did. Lewis, the president of Operations, Inc., a Stamford, Conn.-based human resources outsourcing and consulting firm, says he is taking his business banking elsewhere in 2010. "We recently shopped our banking relationship and we plan to make a change on January 1," he explains.

Particularly frustrating for Lewis were higher bank fees. But in the process of searching for a new bank, he learned a few things about banks and expenses. "Make sure to link all your accounts, even your personal ones, assuming you are willing to put all the money in one bank," he advises. "You should then be able to leverage your collective balances to offset fees."

Lewis also learned that he could use his business as leverage when talking to prospective banks. "If you are willing to move banks ask for fees to be waived as a condition of moving your accounts," he adds. "I've seen firsthand that you can avoid fees from a new bank and even from your present one, provided you tell them you are considering leaving."

Ed Engorian, co-founder of Choclatique, a Los Angeles-based gourmet chocolate company, swears by the personal touch, adding that it's good relationships that trigger the fee-reducing favors that small businesses want. "We lowered bank fees that way," he says. "First, get to know and work with your banker before you need to ask any favors. Also, personally visit the bank often, and find out who the decision makers are in your branch and say hello to them every time you visit the bank."

A little due diligence can't hurt, either. "Negotiate your bank fees off the standard rate card whenever possible," adds Engorian. "Keep a high enough balance to make your account interesting and try to do all of your personal and business banking in the same bank/branch."

Also, encourage your employees to use the same bank, and let that bank know you've done some lobbying on its behalf, Engorian adds.

Above all, use a healthy dose of the business acumen that made you your own boss in the first place. "In general, a small business can negotiate with a bank depending on deposits, company history, and the level of relationship with the bank, including loan business past and future," says M.J. Zygmunt, a professor of business administration at Central Pennsylvania College. "An owner must establish a relationship over time and this allows the bank flexibility."

It's a dog-eat-dog world out there, and you don't want to be the one wearing the Milk-Bone underwear. So use leverage, seek out personal relationships with your bank, and get aggressive about dealing with your banker – instead of the other way around.