

Bank Of America Debit Fee Is Only The Latest

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NEW YORK — Angela Malerba, who works in public relations in Boston, carries a debit card because she likes to know when she buys something that she has enough in her account to pay for it. But paying \$5 a month to use her own money? That's too much.

So when Bank of America starts charging the fee next year, Malerba figures she'll rely more heavily on her credit card. Or, in a strategy that seems almost quaint in these swipe-and-go times, she may just carry more cash.

"Paying \$60 a year in debit card fees just seems absurd," she says.

The 38.7 million people who carry Bank of America debit cards will face a similar decision in the latest example of banks raising fees or establishing new ones — not just for debit cards but for visiting ATMs or talking to a teller.

Bank of America's announcement follows tests by Wells Fargo and Chase for \$3

monthly fees for debit cards in some markets. Other banks have begun charging for basic checking. Banks have sharply restricted their rewards programs for debit cards.

Bank of America said the fee will apply only when customers use their debit cards for purchases in a certain month. The fee will not apply if the card is used only to access ATMs. It will not apply for premium customers, who keep high balances.

Debit fees hit particularly hard because banks have spent the past decade encouraging their customers to go for the ease of the cards, which deduct purchases immediately from a checking or savings account.

In 1995, debit cards accounted for only 1 percent of the transactions when people pulled a card out of their wallet to pay for something. Credit cards made up the rest.

Debit cards grew steadily, hitting 50 percent in 2006. Today, there are more than 530 million of them in use in the U.S. Two out of every three times someone reaches for plastic, it's debit, according to the Nilson Report, which tracks the card industry.

Credit cards still make up 56 percent of

the money spent, according to the report. So when people use debit, it's for the forgettable, smaller transactions of everyday life — a pack of gum or a cup of coffee.

Banks have cashed in big. They collect about \$19 billion a year from swipe fees, the pennies they collect from a store every time you run your card through a magnetic reader at the checkout counter.

On Saturday, that revenue will be cut almost in half. Federal rules will cap the amount banks can charge merchants at about 24 cents per transaction, down from an average of 44 cents.

It's the latest regulation imposed on banks. Last year, strict rules on credit cards limited when they could raise interest rates and virtually eliminated customer fees for going over credit limits. Then the Federal Reserve tightened rules for when and how often banks could charge for checking account overdrafts.

But each regulation aimed at reducing the costs for consumers has chipped away at bank revenue — and left banks going so far as to make the customer pay for services that had been offered at no charge.

Bank of America, for instance, created a checking account that is free only if the customer banks online and at ATMs. Get a paper statement or visit a teller, and there's an \$8.95 fee for the month.

Bankrate.com found recently that 45 percent of non-interest-earning checking accounts are free today, down from 76 percent two years ago. Minimum balance fees, ATM surcharges, foreign transaction fees and more have also proliferated. Many banks even charge customers a fee for drawing on lines of credit linked to checking accounts, which most users seek in order to avoid overdraft fees.

Customers are frustrated. Jose Bucheli, a graduate student in Albuquerque, N.M., thought back to the economic crisis of 2008, when banks pledged to stand with customers.

"But whenever they have the opportunity, they impose a new fee," he says. "I understand that Bank of America is a business, and trying to maximize its profits, but I'm trying to maximize my profits, too."

Bucheli doesn't like to carry cash and relies on his debit card for almost everything,

so he isn't interested in getting around the fee by using a credit card. "I can change banks and beat the fees that way," he says.

Some banks are trying to take advantage of that impulse. The regulation doesn't apply to banks with \$10 billion or less in assets, which may give some community banks and credit unions an edge.

Consumer advocates suggest credit unions as a haven from fees. BECU, a Seattle credit union, says its membership has risen 18 percent in the past year. Many of the newest members say they're switching because of bank fees, a spokesman says.

Some larger banks are also resisting the urge to tack on charges, instead trying a no-fee strategy to lure customers. Huntington National Bank, based in Ohio, has marketed "Asterisk Free Checking" since May. Mary Navarro, director of retail and business banking there, says the growth rate for new accounts almost doubled.

"It's not the customer's fault that the banks have more regulation," Navarro says. "These fees, that really does impact the consumer's wallet, and I don't think they like it."

Auch

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workout at a local wellness center before she even began her business day. She doesn't slow down outside the office, as her schedule remains packed with farm work and church, school, 4-H, Chamber of Commerce and Kiwanis activities.

Auch represents the youngest of three generations of women — joining her grandmother Jeanette Schramm and mother Mary Kay Cwach — to work with the same New York Life insurance firm in Yankton. They represent what is believed to be the only New York Life firm — and perhaps the only insurance agency in the nation — operated by a direct line of three generations of related women.

For Auch, her grandmother and mother represent the real "spirit of Dakota." Both women value education, she said, and they raised large families on the farm — Schramm with seven children, Cwach with five — while opening and maintaining a successful business in a male-dominated field.

Cwach said her daughter's caring attitude builds trust with customers,

and her business degree and sales background connect with the business community.

"Julie has worked with radio sales and advertising, which is like insurance in one way. It's an untouchable thing," Cwach said.

However, Auch is more than a good businesswoman and shares her many talents, Schramm said. "Julie provides a tremendous role model for all women. She is great for South Dakota," Schramm said.

MAKING THE BIG MOVE

Auch brings a variety of life experiences with her Spirit of Dakota nomination.

She graduated from Yankton High School in December 1986 and began her studies at Mount Marty College the following month. She remained in school until 1990, when she put her studies on hold while she and her husband, Gary, raised four children.

However, Auch remained working in sales during the next two decades. She worked at the Kelly Inn of Yankton from 1991-94 and at Yankton radio station KK93 from 1996-99.

In August 1999, she made a major life and career move when she joined the staff of Minneapolis radio station WCCO.

"WCCO is the 16th largest market

in the nation, and it was amazing to work there," she said.

Auch was recruited as a sales manager, but she turned down the offer — three times.

Amazed at WCCO's persistence, Auch turned to KK93 co-worker Scott Kooistra, who was familiar with WCCO and the Minneapolis market. Kooistra himself would later join the WCCO staff.

"I told Scott that they were interested in me, and he said it was the real deal," Auch said. "My youngest child was 3 at the time. I talked it over with my husband, and we decided I was going to do this (WCCO job) for six months and see where it went."

At least that was the plan. But Auch proved highly successful, and her WCCO superiors didn't want her to leave. She remained at the station for 2 1/2 years.

While working in Minneapolis, Auch lived in a nearby suburb with Kooistra's 83-year-old father-in-law.

"For a small rent, all I had to do was vacuum and dust," she said with a laugh. "I worked at WCCO during the week until 10 a.m. Fridays, when I left the office and headed back (on the seven-hour drive) to home in South Dakota. I remained working on the phone during my drive."

While at WCCO, Auch met a number of celebrities, including Dolly

Parton (who made coffee for Auch), Janet Jackson, Willie Nelson and Prince. But Auch also saw the hard existence on the city streets.

"I would step over homeless people to get to my office. I helped find coats for them," she said. "The janitor and I got food out of the refrigerator (for the homeless). It was the harsh reality of life."

A DEFINING MOMENT

Auch found herself adjusting well to a foot in two different worlds — her work during the week and her family on the weekends.

Then came the morning of 9/11, and her life changed forever.

"I worked on the sixth floor at WCCO. I would have coffee with the news staff and janitor," she said. "I was in a conference room with the news staff when we got word of our network, CBS News, that an airplane (and then another) hit the Twin Towers. Minutes later, the buildings crumbled."

"By 10 a.m., there was mayhem in downtown Minneapolis. Cars were packed in the middle of the street. If you wanted to drive out of the downtown area, you couldn't. You felt so helpless."

The situation worsened in the ensuing hours, as grounded airline passengers poured into the city looking

for a hotel room. Panicked motorists lined up for hours waiting to fill their cars with gas.

Auch found herself re-evaluating her life and facing a choice. "Do I want to be here (in Minneapolis) or on a little farm in South Dakota?" she asked.

While she enjoyed her city experiences, Auch was ready to return home — and her family was ready for her full-time presence. Her children were now ages 14, 13, 12 and 5.

"In March 2002, my daughter said, 'I need you here (at home),' Auch said. "The income (in Minneapolis) was phenomenal, but not enough for leaving my family during the week. My youngest son was in kindergarten, and my kids needed me when they were teenagers. It was time to move back home."

Auch doesn't regret the move. "It was a new experience, every day (in Minneapolis), but I'm thankful to be back in South Dakota," she said.

Now, her children consist of Cody, 23; Cassondra, 22; Calby, 21; and Corbin, 14. All of them graduated from or attend Menno High School.

"The three oldest ones are out of the house, gainfully employed and successful," Auch said with a motherly pride.

Auch remains active on the family farm and has traveled across the

country as a National Charolais Board member. Her family showed cattle at this year's South Dakota State Fair.

Upon returning to Yankton for good, she worked at radio station KVHT from 2002-05 before entering her current insurance career.

Taking care of nearly 20 years of unfinished business, she completed her business degree and graduated from Mount Marty College in 2007.

Auch said she feels humbled by her Spirit of Dakota nomination but believes that others have done far more than herself.

She has learned many lessons along life's path.

"There is so much to the world. Don't sweat the small stuff," she said. "Be kind to others and think about how what you are doing affects others. Never degrade anyone else or say something hurtful."

Auch remains grateful for everything she has in life. "I have never been hungry or cold. You need to count your blessings," she said.

Regardless of whether she wins the "Spirit of Dakota" award, Auch offers advice to others that is befitting of the title.

"You can do anything you want if you put your mind to it," she said. "Just don't let anyone tell you that you can't do it."

Yemen

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directing efforts to murder innocent Americans," Obama told reporters in Washington, saying al-Awlaki plotted the Christmas 2009 airplane bombing attempt and a foiled attempt in 2010 to mail explosives to the United States.

Al-Awlaki's death was the biggest success in the Obama administration's intensified campaign to take out al-Qaida's leadership since the May killing of Osama bin Laden in Pakistan. The pursuit of al-Awlaki and Friday's strike were directed by the same U.S. special unit that directed the Navy SEALs raid on bin Laden's hideout.

After three weeks of tracking the targets, U.S. armed drones and fighter jets shadowed al-Awlaki's convoy, before drones launched the lethal strike early Friday, U.S. officials said, speaking on condition of anonymity to discuss matters of intelligence.

Al-Awlaki and his comrades

were moving through a desert region east of Yemen's capital near the village of Khasaf between mountain strongholds in the provinces of Jawf and Marib when the drone struck, U.S. and Yemeni officials said.

A tribal chief in the area told The Associated Press that the brother of one of those killed witnessed the strike. The brother, who had sheltered the group in his home nearby, said the group had stopped for breakfast in the desert and were sitting on the ground eating when they saw the drone approaching. They rushed to their truck to drive off when the missiles hit, incinerating the vehicle, according to the tribal chief, who spoke on condition of anonymity because he did not want to be associated with the incident.

U.S. officials said two other militants were killed in the strike. But the tribal chief, who helped bury the bodies in a Jawf cemetery, said seven people were killed, including al-Awlaki, Khan, two midlevel Yemeni al-Qaida members, two Saudis and another Yemeni. The differing numbers could not immediately be reconciled.

Al-Awlaki, who was born in New Mexico to Yemeni parents, had been in the U.S. cross-hairs since his killing was approved by Obama last year. At least twice, airstrikes were called in on locations in Yemen where al-Awlaki was suspected of being, but he wasn't harmed.

In July, U.S. Defense Secretary Leon Panetta said al-Awlaki was a priority target alongside Ayman al-Zawahri, bin Laden's successor as the terror network's leader.

Bruce Riedel, a Brookings senior fellow and former CIA officer, cautioned that while al-Awlaki was the "foremost propagandist," for al-Qaida's Yemen branch, his death "doesn't really significantly change its fortunes."

Al-Qaida's branch "is intact and arguably growing faster than

ever before because of the chaos in Yemen," he said.

Al-Qaida in the Arabian Peninsula, as the terror branch in Yemen is called, has been operating in Yemen for years, led by a Yemeni militant and former bin Laden aide named Nasser al-Wahishi. Its main goal has been the toppling of Yemeni President Ali Abdullah Saleh and targeting the monarchy in neighboring Saudi Arabia, and its several hundred militants have found refuge among tribes in Yemen's mountainous regions, where the Sanaa government has little control.

Amid the past seven months of political turmoil in Yemen, al-Qaida and other Islamic militants have gained even more of a foothold, seizing control of at

least three towns and cities in the south and battling with the army.

Al-Wahishi placed major importance on propaganda efforts.

In the latest issue of Inspire, put out earlier this month, Khan — a U.S. citizen of Pakistani heritage — recounted meeting the Yemeni al-Qaida leader. "Remember," he said, as other mujahedeen were busy working on their computers in the background. "The media work is half of the jihad," Khan wrote.

Al-Awlaki gave the group its international voice.

He was young, fluent in English, well-acquainted with Western culture and with the discontent of young Muslims there. His numerous video sermons, circulated on YouTube and other sites, offered a

measured political argument — interspersed with religious lessons — that the United States must be fought for waging wars against Muslims.

Downloads of his sermons were found in the laptops and computers of several groups arrested for plotting attacks in the United States and Britain.

Al-Awlaki exchanged up to 20 emails with U.S. Maj. Nidal Malik Hasan, accused of opening fire at the U.S. military base at Fort Hood, Texas, killing 13 people, in a 2009 rampage. Hasan initiated the contacts, drawn by al-Awlaki's Internet sermons.

Al-Awlaki has said he didn't tell Hasan to carry out the shootings, but he later praised Hasan as a "hero" on his website.

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