

How to choose a bank.

When you choose a bank, you choose what could be a lifelong personal and business partner. That's why a little homework can go a long way in deciding what financial institution will best fit your needs.

There are many banks to choose from - in fact, there are more than 9,000 FDIC-insured banking institutions in the United States - and the intense consolidation activity in the banking industry continues. Since 2001, more than 500 banks and savings institutions were absorbed in mergers, according to the FDIC, making many bank customers strangers to their once-familiar institutions.

Making a cost-efficient choice

First assess your individual needs and identify your "banking personality," advises the American Banking Association (ABA). Consider the following questions: • What is your goal in establishing a banking relationship? Saving money? Using a checking account? Getting a loan? All of the above? • How much money can you keep on deposit each month, and how many checks will you write? That important data determines how complex or simple your bank account needs are, from multi-service packages to "no-frills" accounts.

- Do you prefer going into a branch, using an ATM (Automated Teller Machine) or going online to do your banking? Do you need a bank that offers an extensive branch network with regular, evening and weekend hours? • What fees are charged to customers who go below a required minimum balance? How much will you be charged for an ATM card? Remember, you want to manage your money so that you're spending as little as possible (or nothing) on fees.

- Will you be buying a home or car, or making another large purchase in the near future? You may need to investigate loan products a bank offers.

- Are you planning to save for a big expense, your child's education or your retirement? Many banks offer additional investments (such as mutual funds) in addition to traditional savings accounts, which can make your money work harder for you.

- Do you want to consider other products through your bank, such as insurance? Many banks provide additional products and extra benefits for existing customers.

Not all banks are created equal

An institution's locations, hours, and proximity to home and work are important to consider, because most people want to balance their banking needs with busy schedules. ATM, Web and telephone services also should be readily available so customers can access them conveniently.

For those who like to have face-to-face interaction with their financial institution, examine the environment, the employees and the service at a nearby bank branch. Are the employees helpful, and are transactions handled efficiently? Take a close look at the fees associated with the services you require, suggests the Better Business Bureau. Do you use ATMs frequently? Does the bank charge you for ATM transactions at other banks, and how much? Compare that to other banks' ATM charges.

Many banks require minimum balances for free checking or savings accounts. Examine the maintenance or minimum balance fees associated with similar accounts at various banks. The BBB suggests you look at the cost of the fees saved by keeping a \$1,500 minimum account balance, and compare that with the interest you might earn on the same \$1,500 if it were invested in a Certificate of Deposit (CD) or other savings instrument. Which is more beneficial to you? Use the same comparison to assess the benefits or costs of interest-bearing checking accounts.

Other Issues

Perhaps most important in choosing a bank is an institution's longevity and durability. Customers of banks that have been acquired or have merged with other banks often encounter changes - to locations, fees, services and products - during the banks' transition phase. Examine the financial strength of the bank you're considering. How does it manage through the tough times, and does it stand by its customers? Finally, do a gut check. Allow yourself a moment to measure your comfort level with the bank. Do the employees at the bank know you, and do you feel like you're welcome at the branch? Are the employees helpful, and do they try to identify your specific needs, as they relate to your financial goals and requirements? As an informed consumer, you can make the best choice for your personal financial needs.