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Fleet offers free checking to boost business

Bank looks to boost consumer business with temporary deal

By Bruce Mohl
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FleetBoston Financial Corp. has never been a believer in free checking, but the bank is now trying to build up its customer base in Massachusetts by offering those who open new accounts a souped-up version of free checking for a year.

As Fleet says in its ads, "It's like nothing you've ever seen from Fleet before."

The offer, available through Nov. 1, is a FleetOne Classic checking account with no transaction fees, no minimum balances, and free online banking with bill payment for a year.

Once the year is over, regular fees and rules would apply. That would include paying \$4.50 a month for online banking with bill payment and maintaining minimum balances of \$2,000 for a no-interest account, or \$2,500 (\$4,000 in a joint checking-savings account) for an interest-bearing account. Failure to maintain the minimums would trigger a \$10 monthly fee (\$8 with direct deposit) and a fee of 25 cents per transaction.

Bruce Marks, who heads the Neighborhood Assistance Corp. in Boston, a frequent critic of Fleet banking fees and practices, hailed the free checking offer as a positive sign.

FLEET, Page C12

► FLEET Continued from Page C1

Marks said Fleet is finally coming to the realization that catering to consumers can help the bank's bottom line.

"They're finally going down that consumer path and trying to make amends for being the most anticonsumer bank in the country," Marks said.

"The big question is whether it's too little too late."

Fleet spokesman James Shepker said the temporary free checking offer is nothing more than "smart marketing."

With 1,300 automated teller machines and 300 branches just in Massachusetts, Shepker said Fleet offers the best value in banking. But to get people to try Fleet,

he said, special offers are sometimes needed.

"If that means waiving the fees temporarily, we're happy to do that," he said, sounding confident that customers who sign up will stick with the bank after the one-year offer ends.

The free checking offer is currently available only in Massachusetts, but Shepker said he expects it to be rolled out to other states served by Fleet. The offer was first launched Sept. 1, but advertising promoting the program was pulled after the Sept. 11 terrorist incidents until this week.

Back in April, top Fleet executives promised a more "customer-centric" focus. They acknowledged that all their focus on mergers in recent years had led to

a decline in customer service. They promised to grow their existing businesses, rather than acquire other banks.

Shortly after that announcement, Fleet stopped charging customers \$2 each time they called Fleet's customer service line more than four times a month. The bank also cut the transaction fee on the FleetOne Classic account in half to 25 cents.

But, until this month, Fleet had given no indication it was interested in free checking, even on a temporary basis. Many of the bank's local competitors, including Sovereign Bank and Eastern Bank, have embraced free checking as the centerpiece of their marketing efforts.

Joe Bartolotta, spokesman for

Boston-based Eastern Bank, said Fleet's offer may be a response to competitors, noting Eastern has been getting 1,200 to 2,000 new customers a month since it began offering free checking in June last year.

"There's no sign of that letting up," Bartolotta said. "These customers have to be coming from somewhere, most likely it's Fleet."

Bartolotta also reminded customers that the Fleet offer — as good as it is — is only temporary.

"You still have to deal with a bank that's not known for quality customer service," he said.

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