**T**he old sock-under-the mattress school of banking could be making a comeback in the United States. Ameri­can banks are bumping up service fees or introducing new charges for every­thing from handling cheques that bounce to answering inquiries about account balances.

The result is that customers with very small accounts may find they are paying more in service fees than they earn in interest. As one senior New York banker says: "A person with only $200 or $300 in savings shouldn't be in a bank." Asked where he or she should put their money, he replied : "Back under the mattress."

Although small account holders are paying more than ever for the conavenience and safety of keeping their money in a bank, many larger customers are effectively paying less for services, or at least are earning more on their account. In the face of competition from cash management trust and other less regulated financial institutions, banks are being forced to 'offer all sorts of concessions to attract or keep large accounts.

An often-stated rationale for the new fee structure is that banks are doing nothing more than being fair; making sure those who incur the costs of bank­ing services actually pay for them. For years, officials say, large bank depos­itors subsidised those with small ac­counts. "The consumer may look at these charges as penalties, but all the banks are trying to do is get those who incur the costs, to pay them," one banker told BRW.

For example, one large bank in In­diana calculated that in 1980, 20 percent of its 10,000 saving accounts had an aver­age balance of less than $80. But the av­erage cost of maintaining each account, no matter the size, was almost $30 a year. As a result, it introduced a new service charge for handling savings accounts.

Many other banks have followed the same line of thinking. Last year more than half of the country's 14,500 banks raised their fees on cheque accounts, ac­cording to a survey by a Texas bank con­sulting firm, Sheshunoff and Co. And the *number* of banks charging service fees on saving accounts which fell below set-minimums, rose from 11 percent to 19 percent. A small, but growing, number of banks now charge customers who do nothing more than ask for their balance.

In their attempt to realign fees, banks are being motivated by much more than the honorable desire to be fair. They are also trying to make money. At a time when they have to pay increasingly com­petitive market rates to attract new money, banks are relying more heavily on service fees as a way to boost reve­nue. One survey of eight of America's largest banks showed that fees account­ed for almost 30 percent of their total in­come, up from 20 percent in 1977.

Banks are also trying to control their costs and lift revenue by making the most of new technology. Automatic-teller machines are springing up around the country and the American Bankers Association estimates there are now 31,000 of them in the US. and the number could be increasing by 35 percent a year.

Such dramatic expansion in the use of technology has meant that tellers have lost their jobs. Trans Data Corporation, which surveyed about 10 percent of all US financial institutions with assets of over $100 million, says that although the increasing use of automatic machines has not yet led to a reduction in the number of banks, they have certainly slowed down expansion.

About 30 percent of the larger in­stitutions surveyed, claimed that au­tomatic-telling machines were dis­placing offices that would have been built under traditional conditions. Im­portantly, in terms of cost-cutting, about half of the companies surveyed said the number of cheques processed had dropped by an average of 6 percent. Some expected *the* volume to shrink by 16 percent in the next couple of years.

Cost-efficiency is not the only advan­tage of automatic-telling machines. By law, American banks are not allowed to be national; they cannot operate beyond state boundaries. But in the past couple of years, banks have attempted to get around the legal restrictions by develop­ing automatic-telling machines. A group of banks in a region link up their machin­es through a central switchboard and, for the first time, travellers are able to draw money out of accounts while out of their home state.

During its survey, Trans Data Cor­poration found about 130 such regional networks, some being even more ambiatious by expanding nationally. In April, 26 banks, including three of the coun­try's largest, announced that they would link their automatic-teller operations so that customers could use the machines of any of the participating banks around the nation.

But what do all these developments mean for bank customers? If they are large enough, it probably means that banking could be cheaper. Competition is heating up and banks can no longer just sit back and wait for the money. They are being forced to fight for it. At the other end of the scale, those bank customers who maintain only small ac­counts will find themselves paying morefor services.

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