

Online (Only) Banks

A new type of bank has emerged recently: online banks. Online banks are banks with no physical presence (no buildings), so all interaction is online. If you choose to bank in this way, you deposit directly to your account and receive an ATM card for withdrawals.

I have to admit to being old fashioned when it comes to banking and I don't like this option. I prefer banks or credit unions with a physical presence. However, I want you to learn more about this option in case it appeals to you.

There are a wide array of online banks, and they are not equal in quality or service.

Things to look for in an online bank:

- Are they backed by the FDIC (to protect your money in case of bank failure)? Most are NOT backed by the FDIC and aren't chartered banks. However, some do have an agreement with a chartered bank.
- Do they permit access to ATMs without a charge? Some online banks have agreements with specific ATMs. Check to make sure there is an ATM near you that is accessible without a fee.
- Check reviews online to see customer satisfaction. Only go with the online banks with the best reputations. Avoid fees as much as possible.

Challenges with online banks:

- Can't go into a bank/credit union and speak to a person IN PERSON. Instead, you have to call or interact via the APP or email. From what I've heard, this process can be very frustrating if you have a serious problem (like a lost or stolen ATM card).
- In most situations, every time you want to access cash, you will be charged a fee, since the bank doesn't have an ATM machine of its own. Some of the better online banks do have agreements with certain ATMs. (In contrast, you can go to most banks or credit unions and use their designated ATMs for no fee.)
- It can be significantly more difficult and time consuming to deposit or withdraw money from an online bank.
- Deposits have to be made through direct deposit or through authorized ATMs, when available, or through the mobile app.
- Most are not chartered banks, so your money is not protected by the federal government. However, as mentioned above, some do work with the FDIC, which will guarantee protection of funds in case of bank failure. If you decide to use an online bank, only use chartered banks or companies that are guaranteed by the FDIC.
- Technical issues can make banking a challenge. Make sure you use an online bank with good reviews on the app.

The online bank option that seems most promising:

CHIME

Chime gives customers free access to more than 38,000 ATMs, but for out-of-network ATMs, it charges \$2.50 per transaction. Chime customers must visit a Green Dot location in order to deposit cash, and they may be charged a fee to do so. Chime also allows customers to receive their pay up to two days early via direct deposit. Chime's mobile app ratings from customers are high in Apple's App Store and the Google Play store.

Chime is not a chartered bank; Chime works with Federal Deposit Insurance Corp.-insured banks behind the scenes so that customer funds can be insured. Chime info taken from: <https://www.nerdwallet.com/article/banking/best-online-banks>

Some bad reviews on a few online banks:

xxxx sucks. Don't change your phone number you will have a hard time getting your money. xxxx has no way to change or help you change your phone number. Do yourself a favor stay away far away.

I have had so much BAD SERVICE with this bank it is horrible customer service. My money was taken off my debit card that had been reported stolen. And they continued to allow charges to occur on that same canceled card. I do not trust this company I have had a very bad experience with this place beware they will lie to you and deceive you. It has been the worst prepaid I've ever had. I did not want them to even have one star but in order to post this I had to in my opinion they get NO STARS.

Received a letter today by USPS and upon opening it was a bank card from xxxxx under my complete legal name, which was totally weird thing. I have never applied for this bank nor do I know who they are. I have 2 bank accounts with legit banks in my city which I've had for over 18 years. I'm glad I read these reviews and see that it is a bogus bank. Trashing the letter and shredding the card to pieces. Thanks for the reviews.

I need to speak to a rep about my stimulus check but can't even find an E mail address...

Obviously, regular banks or credit unions get bad reviews as well, and they don't all offer the same service. Research and ask questions before committing to a specific bank, whether online or not.