**The use of an ATM at college**

Michael started his freshman year at the college just like any other excited eighteen year old away from home for the first time. Three hours from home has its disadvantages and the community bank with his meager checking account is back in the town where he grew up. But, by the miracle of ATMs and the promise of instant cash, an empty pocket is no match for the cash that an ATM can offer.

Michael knew the checking account didn’t have much in it, but surely it was enough for a bag of Doritos and a Mountain Dew. Just slip the Debit Card into the ATM machine conveniently located at a bank down the street and inquire about the account balance. Then, if there is a bit left in the checking account, the snacks are the next stop. He only wants $10.00.

Perfect. The account says that there is $11.30 in the checking account. Sweet! He withdrew $10.00 in the second transaction. Michael headed to the convenience store with his $10.00 cash.

The ATM is a third party ATM, which means that the ATM is in a bank or business different than the local bank back home. These third party sources charge $1.50 per inquiry or cash removal. The fees are now an important and easy source of revenue for banks.

Michael’s actions resulted in the following: Initial balance $11.30 with a $1.50 inquiry fee on the college location end, and the new balance is $9.80. The withdrawal of $10.00 in cash leaves the bank account balance at a negative $.20 for a moment followed by an overdraft fee of $30 by the hometown bank and now the balance is a negative $30.20. The second $1.50 fee from the third party bank hits the account already overdrawn, and the new balance is negative $31.70 with another overdraft fee caused by the $1.50 charge bringing the checking account to a negative $61.70.

The next day, another snack attack hit at about the same time in the early afternoon. Wonder if there is enough to buy a fountain drink? Should be just enough for a small drink or a bag of Doritos.

The ATM says that the account is overdrawn. Surely not! Maybe it was a mistake. Try this again. A second inquiry said the same thing. No snacks today.

Here is the action play by play. The account sitting at a negative $61.70 has just had a third party inquiry costing $1.50 and, of course, another $30.00 overdraft fee. Result is a negative $93.20. The second “this can’t be right” inquiry results in another $1.50 fee followed by yet another $30.00 overdraft fee. The final resulting balance in Michael’s checking account is a negative $124.70.

Better call Dad and find out what happened. Here is a rundown of what his Dad learned. Time for a lesson in personal finance and realities of bank fees.

The sad part of this story is that the Doritos bag and Mountain Dew cost a total of $136.00 and every aspect of this story is true.