

# AMERICAN BANKER.

## Weekly Wrap: Debating Arbitration; Taking a Cue from the Airlines

MAY 9, 2014

**MAKING FEES FLY HIGH:** Consultant Mike Sobba argues that banks should [look to the airline industry](#) for inspiration and start charging more service fees. But rather than risk provoking customers' wrath by asking them to pay extra for checking accounts they previously received for free, Sobba recommends that banks add bundled services like identity theft protection and cell phone insurance to all but the most no-frills accounts and then charge a monthly fee. Some readers had their doubts about the plausibility of this proposal. "It seems a stretch to think that consumers who have been conditioned to receiving free banking services will be keen to pay fees in return for bundled identity theft protection or cell phone insurance," wrote commenter Mr. Potter. "Do they value those services so highly that they would view the bundle favorably? Or will they seek banks offering 'basic' accounts with no fee? There are only a handful of airlines and routes, but 14,000 banks and credit unions to choose from."

**IN DEFENSE OF ARBITRATION:** Mandatory arbitration [gets a bad rap](#) in the Consumer Financial Protection Bureau's recent study, according to Steven Zeisel, general counsel at the Consumer Bankers Association. He argues that arbitration is often less costly than litigation while remaining equally fair to consumers. Commenters brought a healthy dose of skepticism to Zeisel's claim: "If arbitration was such a great deal for consumers, how do you explain that every consumer organization in the country opposes forced arbitration," wrote reader gjp.

**Also on the blog:** Susan O'Donnell writes about the [tug-of-war](#) over executive compensation: regulators want to discourage pay structures that could lead to excessive risk-taking, while shareholders want to motivate head honchos by tying pay to performance.

A [House bill](#) that aims to help Somali-Americans send badly-needed remittances to their home country offers an opportunity to consider the tension between anti-money laundering regulations and global financial inclusion, according to deputy BankThink editor Sarah Todd.

The Cato Institute's Mark Calabria argues that high-quality collateralized loan obligations [should be exempt](#) from risk-retention requirements.

Ron J. Feldman, an executive vice president at the Federal Reserve of Minneapolis, offers a [run-down of research](#) that shows community banks are selling themselves and merging with other institutions at a rate consistent with historical patterns. But he acknowledges that higher compliance and regulatory costs could drive an uptick in consolidations in the future.

Former Federal Reserve Board senior counsel Melanie L. Fein [finds fault](#) with her ex-employer's procedure for designating nonbank firms as systemically important financial institutions.

Banks that are looking to earn more fee-based revenue should consider [pairing risk advisory services](#) with their wealth management businesses, according to financial services strategist Edmond M. Ianni.