



Consumer Federation of America

CFA Survey: Sixteen Largest Bank Overdraft Fees and Terms Updated July 31, 2009

In mid-2009, CFA updated a survey of the largest banks using fee schedules, account agreements, and bank brochures from branches and websites at sixteen of the largest banks to learn more about current fees and overdraft terms and practices. This provides an update to a larger study conducted by CFA in 2005¹ and a 2008 survey for the Federal Reserve Reg AA docket comments.² In the 2005 study, CFA found that 80 percent of the 33 largest banks had contract terms that permitted non-contractual overdrafts. Current information from sixteen large banks indicates that all of them permit consumers to overdraw and all impose steep fees for those unauthorized loan transactions. None of the largest banks provide consumers the opportunity to affirmatively sign up for overdraft loans.

Big Bank Overdraft Fees

Big bank fees for a first overdraft in a one-year period range from \$19 for the first overdraft at US Bank to \$36 at SunTrust Bank and National City Bank. For some accounts, WAMU advertises that the first overdraft fee is waived. Some banks have tiered overdraft fees. The top maximum fee is \$39 charged by Citizens Bank for three or more overdrafts in a year. The median top fee charged by the largest banks is \$35 per transaction that overdraws an account, regardless of the amount of credit extended. Fourteen of the banks charge \$35 or more per overdraft either initially or after a few overdrafts in a twelve month period.

Nine of the largest banks have tiered overdraft fee schedules, charging higher fees for more than one overdraft over a rolling thirteen month time period. In 2005, only three major banks used tiered fees. Regions Bank charges \$25 for the first overdraft in a year, \$33 for the second and third overdraft, and \$35 each for four or more. US Bank charges \$19 the first time, \$35 for the second to fourth overdraft, and \$37.50 thereafter. Fifth Third Bank switched to tiered fees in the last year, previously charging a flat \$33 per overdraft. Fifth Third now charges \$25 for the first overdraft, \$33 for the second to fourth, and \$37 for five or more. In February, Bank of America dropped its \$25 initial overdraft fee and now charges \$35 for each overdraft.

In addition to per incident overdraft fees, ten banks charge sustained fees when overdrafts are not repaid within a few days. The sustained overdraft fees range from a flat \$25 at Chase after five days, \$30 charged by BB&T after seven days (dropping to five days August 1), \$35 at Bank of America after five business days, and \$35 at Citizens and \$36 at SunTrust after overdrafts remain unpaid for a week. If an overdraft remains unpaid ten days, Citizens Bank

¹ Jean Ann Fox and Patrick Woodall, "Overdrawn: Consumers Face Hidden Overdraft Charges from Nation's Largest Banks," Consumer Federation of America, June 2005

² Consumer Federation of America, Comments, FRB Docket No. R-1314; OTS-2008-0004; NCUA RIN 3133-AD47, Reg AA, August 4, 2008.

adds a second \$35 sustained overdraft fee, for a total of \$109 if the consumer had been overdrawn three times in the last year and failed to repay the overdraft and fees within ten days. Other banks charge a per day fee of \$7 to \$8 for overdrafts unpaid after a few days. This fee is going up as well. PNC recently raised its sustained overdraft fee from \$6 to \$7 for a maximum of \$35 over five days.

Overdraft Fees Rise During Recession

CFA reported on overdraft fees and practices at ten large banks in comments filed with the Federal Reserve one year ago.³ Almost half of those surveyed banks have increased overdraft fees in the last year, including addition in June of a \$35 sustained overdraft fee at Bank of America, adoption of tiered rates by Fifth Third Bank with the maximum fee now \$37 compared to a flat \$33 fee in 2008, and a \$4 hike in Citibank’s overdraft fee. PNC increased its sustained overdraft fee by a dollar to \$7 per day after four days overdrawn while SunTrust increased both its initial and sustained overdraft fees from \$35 to \$36.

Overdraft fees also went up at other banks since CFA filed comments with the Federal Reserve in March, 2009.⁴ For example, TD Bank added a \$20 sustained overdraft fee after nine consecutive days of overdraft status.

Big Bank Fees and Daily Limits

Despite the Federal bank regulatory agencies’ Best Practices⁵ recommendation that banks limit the number of overdraft fees charged per day, only six of the sixteen large banks set maximum fees per day while the other ten banks charge an unlimited number of fees for a string of transactions that overdraw an account in one day. Citibank caps fees at four per day for a \$136 total while WAMU limits its overdraft charges to seven per day (\$238), up from five per day last year. TD Bank permits six overdrafts and six insufficient funds fees to be assessed in one day for a total of \$420. US Bank limits total overdraft and NSF fees to 12 per day which would cost consumers up to \$450 per day. Bank of America doubled its daily fee limit and now permits ten overdraft fees per day for a total of \$350. (See Chart Two)

Bank Initial Overdraft and Sustained Overdraft Fees

Bank	OD Fee	Sustained OD Fee	Maximum Daily Fees
Bank of America	\$35	\$35 after 5 business days	Ten
BB&T	\$35	\$30 after 7 days	

³ Consumer Federation of America, Comments to Federal Reserve, Re: FRB Docket No. R-1314; OTS-2008-0004; NCUA RIN 3133-AD47, August 4, 2008.

⁴ Consumer Federation of America, Comments to Federal Reserve, FRB Docket No. R-1343, March 30, 2009.

⁵ Joint Guidance on Overdraft Protection Programs, 70 Fed. Reg. 9,127, 9,129-30 (Feb. 24, 2005)

Bank	OD Fee	Sustained OD Fee	Maximum Daily Fees
Chase	\$25 first OD \$32 2 to 4 OD \$35 5 or more	\$0 to \$25 per OD after 5 days	No max
Citibank	\$34	No	4 fees per day
Citizens Bank	\$25 first OD \$37 2 nd OD day \$39 3 or more	\$35 after 6 days \$35 2 nd fee after 10 days	
Fifth Third Bank	\$25 first OD \$33 2 to 4 OD \$37 5 or more	\$8/day after 3 days	No max
HSBC	\$35	No	No max
National City Bank	\$30 to \$36	\$8/day after 3 days	No max
PNC Bank	\$31 1 to 3 OD \$34 4 to 6 OD \$36 7 or more	\$7/day after 4 days Max \$35 sustained	No max
Regions Bank	\$25 first OD \$33 2 nd and 3 rd OD \$35 4 or more	No	No max
SunTrust	\$36	\$36 on 7 th day	No max
TD Bank	\$35	\$20 on 10 th day	6 OD and 6 NSF
U.S. Bank	\$19 first OD \$35 2 to 4 \$37.50 5 or more	\$8/day after 3 days	6 OD and 6 NSF
Wachovia	\$22 first OD \$35	No	No max
WaMu	1 free OD \$34	No	7 OD
Wells Fargo	\$35	No	10 OD

Big Bank Overdraft Loans are Extremely Expensive

The combination of the initial overdraft fee and sustained overdraft fees charged within a few days of the incident make bank overdraft loans extremely expensive for consumers. Since sustained overdraft fees can be applied even before consumers are notified that their account is overdrawn, it is difficult for consumers to avoid these extra fees. In addition, inadvertent borrowers are not likely to have funds to repay the overdraft and resulting fees until the next pay or benefit check is deposited into the account. Since banks collect payment by set off, the next deposit goes first to repay the overdraft loan and fee.

A \$100 overdraft repaid after seven days would cost fees ranging from \$34 at Citibank and WaMu to \$74 at Citizens Bank, using the highest fees charged by these banks plus sustained overdraft fees that would apply after seven days. In June, Bank of America added a \$35 sustained overdraft fee for overdrafts not repaid in five consecutive business days, doubling the cost of a single overdraft to \$70 if not repaid immediately. The annual percentage rates, if these loans were repaid in seven days and were subject to TILA closed-end credit cost disclosure requirements, range from 1,768 percent to 3,848 percent APR. By comparison, payday loans for seven days usually cost 780 percent to 1,560 percent APR if the finance charge is \$15 or \$30 per \$100 borrowed.

Total Cost of Bank Overdraft “Payday” Loans

This chart illustrates what a \$100 overdraft would cost when the overdraft remains unpaid for seven days, using the bank’s maximum fee and the sustained overdraft fees that would be imposed over a seven-day time period. The APR is computed as if this were a closed end one week payday loan.

Bank	Max OD Fee	Sustained OD Fee Times # of Days	Total	APR/7 days
Bank of America	\$35	\$35 ⁶	\$70	3,640%
BB&T	\$35	\$30	\$65	3,380%
Chase	\$35	\$12.50 (AZ)	\$47.50	2,470%
Citibank	\$34	0	\$34	1,768%
Citizens	\$39	\$35	\$74	3,848%
Fifth Third	\$37	4x\$8=\$32	\$69	3,588%
HSBC	\$35	0	\$35	1,820%

⁶ Bank of America limited its initial overdraft fee for \$10 for overdrafts of \$5 or less.

Bank	Max OD Fee	Sustained OD Fee Times # of Days	Total	APR/7 days
National City	\$36	4x\$8=\$32	\$68	3,536%
PNC	\$36	3x\$7=\$21	\$57	2,964%
Regions	\$35	0	\$35	1,820%
SunTrust	\$36	\$36	\$72	3,744%
TD Bank	\$35	\$20	\$55	2,860%
U.S. Bank	\$37.50	4x\$8=\$32	\$69.50	3,614%
Wachovia	\$35	0	\$35	1,820%
WaMu	\$34	0	\$34	1,768%
Wells Fargo	\$35	0	\$35	1,820%

Transaction Clearing Practices

All of the largest banks maximize overdraft and insufficient funds fees by ordering the sequence of withdrawals to pay the largest transaction first or reserving the right to process withdrawals in any order the bank chooses. Since banks that cover overdrafts for a fee pay all or most transactions that overdraw an account, the only purpose to order payments largest first is to maximize fee revenue.

Traditional Overdraft Protection

The sixteen largest banks all offer more than one form of traditional overdraft protection, including overdrafts covered by transfer from the customer's savings account, transfer of the overdraft to a credit card, and the bank's overdraft line of credit. CFA found bank information on overdraft lines of credit at all by WaMu bank, with a range of fees in addition to interest for balances on the line of credit. Citibank charges a \$5 annual fee plus 16.5 percent variable APR for its line of credit, while Bank of America, BB&T, Wachovia and Chase banks charge a \$10 fee to transfer an overdraft to its line of credit. HSBC and Citizens Bank charge a \$15 fee for using the line of credit. (See Chart One)

The cost of covering an overdraft with consumers' funds in a linked checking account ranges from \$10 at Bank of America, BB&T, Chase, Citibank, Fifth Third Bank (first ten times in a year), PNC, Regions, SunTrust, Wachovia and Wells Fargo. TD Bank and US Bank charge \$5 per item covered while WaMu's fee is \$12. Citizens, HSBC, and National City charge \$15.

Chart One: Traditional Overdraft Products for Nation's Sixteen Largest Banks

FIRM	Fee Schedule On Web	TRADITIONAL OVERDRAFT PROTECTION				
		Line of Credit transfer fee	Savings Transfer Fee	Credit Card	Home Equity	Opt-In Contract
Bank of America	Yes	\$10; in increments of \$100	\$10; in increments of \$100	see card agreement ; varies; linked to Bank of America credit card only		Yes
BB&T	No	\$10 ; in increments of \$100	\$10; increment of \$100	\$10 ; increments of \$100	Yes	Yes
Chase	No	\$10 per transfer	\$10	13.99% APR	Yes	Yes
Citibank	Yes	Yes; Checking Plus, 16.5% variable APR in most states, \$5 annual membership fee	\$10			Yes
Citizens Bank	No	\$15 per day plus \$25 line of credit annual fee	\$15 per day			
Fifth Third Bank	Yes	Yes	\$10 for 1-10 uses; \$15 for 11-20 uses; \$20 for 21+ uses	\$10-1-10 times; \$15 11-20 times; \$20 21 or more + APR	Info not found	Yes
HSBC	No	\$15	\$15	\$15		Yes
National City Bank	Yes	\$3 mo. Service fee; 24.8% APR	\$15			Yes

FIRM	Fee Schedule On Web	TRADITIONAL OVERDRAFT PROTECTION				
		Line of Credit transfer fee	Savings Transfer Fee	Credit Card	Home Equity	Opt-In Contract
PNC Bank	Yes	Yes	Yes, \$10 transfer fee, exact amount of OD and fee transferred	Yes, \$10 transfer fee, \$50 minimum transfer		Yes; w/ set up fee of \$15 for Free Checking, \$5 for Foundation Checking, and free for all other checking accounts
Regions	No	Yes, \$10 transfer fee per day, \$7.50 per day for Preferred Plus Banking	Yes, \$10 transfer fee per day, \$7.50 per day for Preferred Plus Banking	Yes, \$10 fee per day, \$7.50 for Preferred Plus Banking		Yes, subject to credit approval. Transfers in \$100 increments.
SunTrust	Yes	Yes	\$10 transfer fee (max one per day) \$100 transfer increments	Yes		Yes
TD Bank	No	\$5 per daily transfer from Moneyline	\$5 per daily transfer			Yes
US Bank	Yes	Yes, three different lines of credit are offered	\$5 fee on deposit account per item covered for all overdrafts, auto increments of \$200 or avail balance	Yes, \$10 fee, payments are 3% of balance or \$10, auto increments of \$25 up to credit limit	Yes	Yes
Wachovia	No	Yes, \$10 transfer fee charged to card	Yes, \$10 transfer fee	Yes, \$10 transfer fee + APR		Yes

FIRM	Fee Schedule On Web	TRADITIONAL OVERDRAFT PROTECTION				
		Line of Credit transfer fee	Savings Transfer Fee	Credit Card	Home Equity	Opt-In Contract
Washington Mutual	No		\$12 if balance under \$10,000			"Overdraft Limits" program is automatic, other programs are opt-in
Wells Fargo	some info online	\$10	\$10 per transfer, \$25 minimum or exact OD amount	\$10-\$20 depending on \$ amount of advance; one fee per day		Yes

Chart 2: Fee-Based Overdraft “Protection” for Nation’s Sixteen Largest Banks

FIRM	Clearance Policy	"COURTESY" OVERDRAFT LOANS			
		Unpaid NSF/ Overdraft Fee	Paid Overdraft Fee	Sustained Overdraft Fee	After Number of Days
Bank of America	Any; usually high to low	\$35 per item; limit 10 per day	\$35 per item; limit 10 per day; \$10 fee per OD if total overdrafts per day less than \$5	\$35	5 consecutive business days
BB&T	High to low	\$35 per item; no limit per day	\$35 per item; no limit per day	\$30	7 days (5 days 8/1/09)
Chase	High to low, can change order w/out notice	\$25-1st time, \$32-2nd,3rd,4th time, \$35 thereafter	\$25-1st time, \$32-2nd,3rd,4th time, \$35 thereafter	No fee to \$25 per incident depending on your location	5 consecutive business days
Citibank	Electronic debits first then usually high to low	\$34; not more than 4 fees per day; fees may also cause an overdraft	\$34; not more than 4 fees per day; fees may also cause an overdraft	No	
Citizens Bank		\$25 per item 1st day; \$37 2 OD days, \$39 3 or more OD days	\$25 per item 1st day; \$37 2 OD days, \$39 3 or more OD days	\$35	6 consecutive business days; another fee if account still overdrawn 10 business days
Fifth Third Bank	High to low.	\$25 for 1st time; \$33 for 2nd-4th time; \$37 thereafter per item	\$25 for 1st time; \$33 for 2nd-4th time; \$37 thereafter per item	\$8 per day	3 days
HSBC	High to low	\$35 per item; no limit per day	\$35 per item; no limit per day	No	
National City Bank	High to low (2005)	\$30-36; based on NSF activity and balances	\$30-36; based on NSF activity and balances	\$8.00	3 consecutive days

PNC Bank	High to low (2008)	1-3 items = \$31/item 4-6 items = \$34/item 7+ = \$36/item	1-3 items = \$31/item 4-6 items = \$34/item 7+ = \$36/item	\$7 per day	4 consecutive calendar days, \$35 max total
Regions	Any order, reserve right to pay largest first, to change order without notice	1 item = \$25 2 nd and 3 rd item = \$33 4+ items = \$35	1 item = \$25 2 nd and 3 rd item = \$33 4+ items = \$35	No	
SunTrust	Any; usually high to low	\$36	\$36	\$36	6 consecutive calendar days, fee imposed on 7 th consecutive day
TD Bank	Any order	\$35 per item; limit 6 per day	\$35 per item; limit 6 per day	\$20	9 consecutive business days of overdraft status
US Bank	Any; bank has total discretion	\$19 1st time, \$35 2nd-4th time, \$37.50 5th time and thereafter; max 6 per day	\$19 1st time, \$35 2nd-4th time, \$37.50 5th time and thereafter; max 6 per day	\$8 per day	3 days
Wachovia	Any; usually high to low	\$22 1st time and \$35 each additional time	\$22 1st time and \$35 each additional time	No	
Washington Mutual	Any. Preference given to WAMU payments	\$34 each, max 7 per day	\$34 each, max 7 per day	No	
Wells Fargo	High to low	\$35 –max 10 per day	\$35 – max 10 per day		