



Consumer Federation of America

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2012 CFA Survey of Big Bank Overdraft Loan Fees and Terms

In May, 2012 CFA surveyed the websites of the fourteen largest banks and collected information on their overdraft fees and practices, processing order for payments from accounts, and fee information for overdraft protection products offered by the bank. When information was not available online, CFA visited bank branches and made calls to customer service numbers to fill in the missing data.

Table One shows the fees charged by banks when a transaction is paid despite an insufficient balance, the fee charged when an overdraft is not repaid in days, and any limits banks set on the size of overdraft to trigger fees and any daily limit on the number of fees charged. CFA computed the maximum overdraft fees a consumer could be charged in one day, using the bank's highest fee and the maximum fee limit per day. CFA also computed an Annual Percentage Rate (APR) for a single \$100 overdraft repaid in two weeks, using the top fee charged by the bank and any sustained overdraft fees applied for that time period, computed as if this were a closed-end payday loan.

Table Two indicates the bank's regulator and notes the types of transactions for which banks permit or deny overdraft coverage. Information from account agreements, online disclosures, or customer service representatives on the order in which banks process payments from accounts is summarized. Finally, the table notes whether traditional forms of overdraft coverage are available and any pricing information posted. These include transfers from savings accounts or credit cards to cover overdrafts and overdraft lines of credit available from the bank.

Overdraft fees and terms change at any time, so consumers should check their bank for current information.

Key Findings:

- The median overdraft fee is \$35 and initial fees range from \$33 to \$37. The \$35 median fee and range of top fees remain unchanged from CFA's 2010 and 2011 surveys. The highest overdraft fee in the survey is \$37 and is charged by Fifth Third Bank and RBS Citizens.
- Big banks that do not permit consumers to trigger overdraft fees when using debit cards at the point of sale include Bank of America, Citibank, and HSBC. Citibank and HSBC also deny overdrafts for no fee at the ATM. The other eleven banks in the survey solicit consumers to opt in to pay overdraft fees on debit card POS and ATM transactions.
- Five banks (Fifth Third, PNC, RBS Citizens, SunTrust, and U.S. Bank) charge tiered fees based on the number of overdrafts in a twelve month period or the size of the overdraft. Two banks (U.S. Bank and Fifth Third Bank) are increasing overdraft fees to take effect in late June. Fifth

Third is eliminating the \$33 fee step in its tiered structure. As a result, the first overdraft in a year still costs \$25 but all subsequent overdrafts \$37 at Fifth Third. U.S. Bank is raising its fees at the end of June and will charge \$15 for a \$15 or less overdraft and \$35 for any overdraft over \$15.

- Almost two-thirds of banks charge a second or “sustained” overdraft fee, structured either as a flat fee or a per-day fee. For example, SunTrust charges \$36 on the 7th day an overdraft remains unpaid, Bank of America adds a second \$35 fee if unpaid in five days, and JP Morgan Chase adds \$15 after a five-day period an overdraft remains unpaid. RBS Citizens charges \$6.99 per day on the fourth through thirteenth day an overdraft is owed. Fifth Third Bank is eliminating its \$8 per day sustained overdraft fee, effective June 27, 2012.
- Over 85 percent of banks set a threshold to trigger overdraft fees, such as \$5 total overdrawn in a day before fees are charged. U.S. Bank sets the highest threshold at \$10 while four banks (Bank of America, Citibank, HSBC, and RBS Citizens) charge fees when the account is overdrawn by less than a dollar.
- All of the surveyed banks except HSBC set a limit on the number of overdraft fees that can be charged in a single day, ranging from three at JP Morgan Chase to ten per day at Fifth Third Bank. Regions and SunTrust will charge up to six overdraft fees and six insufficient funds fees in one day. (Note that HSBC does not permit overdrafts at POS or ATM, however.)
- Applying the highest overdraft fee to each bank’s daily limit on the number of fees, consumers can be charged in one day overdraft fees totally \$99 at U.S. Bank to \$370 at Fifth Third Bank. After announced changes in June 2012, the range of maximum overdraft fees in one day will be \$102 at JPMorgan Chase to \$370 at Fifth Third Bank. (HSBC has no limit.)
- The cost of a \$100 overdraft repaid in two weeks, adding up initial and sustained overdraft fees that would accrue in that time period, was computed as if this were a closed-end payday loan. The highest equivalent APRs are charged by Fifth Third Bank (3,250%), RBS Citizens (2,779%), PNC Bank (2,574%), and U.S. Bank (2,158%). After announced changes at Fifth Third and U.S. Bank, the APRs will be 962% at Fifth Third and 2210% at U.S. Bank. The lowest-cost two-week overdraft loans are made by Citibank at 884% (checks), HSBC (checks) and Wells Fargo at 910%, and by Regions at 936%.
- The order in which banks pay transactions has a big impact on the number of overdraft fees customers can be charged, with paying the largest transactions first resulting in more overdraft fees for low balance customers. Banks that continue to pay the largest transactions first for at least one category of transaction include Bank of America, Capital One, Fifth Third Bank, HSBC, JPMorgan Chase, PNC, RBS Citizens, Regions, SunTrust, U.S. Bank and Wells Fargo. This year’s survey found more variation in bank processing order, based on the type of transaction. For example, some banks process time-stamped transactions in the order received, then other

transactions largest to smallest. See survey chart below for details.

- All fourteen of the largest banks provide lower cost traditional forms of overdraft protection, such as transfers from savings or credit cards and overdraft lines of credit. Fees to transfer funds from savings to cover checking account overdrafts range from \$10 to \$20 per transfer. RBS Citizens charges an annual \$30 fee to cover overdraft protection from savings or line of credit.

Table 1: Overdraft Fees and Limits, Cost of \$100 Overdraft Compared to Payday Loans

Name	Initial OD and tiered OD's	Sustained OD fee	OD amount to trigger OD fee	Daily Max OD fees	Total Max Daily OD fees	APR for \$100 2-week OD
Bank of America	\$35	\$35 after 5 days	\$0.01	4 per day	\$140	1820% ¹
BB&T	\$35	\$33 after 7 day overdraft	\$5	8 per day	\$280	1768% ²
Capital One	\$35	None	\$5.01	4 per day	\$140	910% ³
Citibank	\$34	None	\$0.01	4 per day	\$136	884% ⁴
Fifth Third Bank	1 st is \$25 2 nd -4 th is \$33, 5 th or more is \$37 (\$25 1 st , \$37 2nd 6/27/12)	\$8/day after 3 days (No sustained OD fee 6/27/12)	\$5.01	10 per day	\$370	3250% ⁵ (962% 6/27/12)
HSBC	\$35	None	\$0.01	Unlimited	Unlimited	910% ⁶
JP Morgan Chase	\$34	\$15 once after overdrawn 5 days	\$5.01	3 per day	\$102	1,274% ⁷
PNC bank	1 st is \$25 \$36	\$7/day after 5 days; Max of \$98	\$5.01	4 per day	\$144	2574% ⁸
RBS Citizens	1 st is \$22 \$37	\$6.99/day for 4th-13th days	\$1	7 per day	\$259	2779% ⁹
Regions	\$36	None	\$5.01	6 OD and 6 NSF	\$216	936% ¹⁰
SunTrust Bank	1 st is \$25 2 nd on is \$36 ¹¹	\$36 on 7 th day	\$5 item	6 OD and 6 NSF	\$216	1872% ¹²
TD Bank	\$35	\$20 on 10 th day	\$5.01	5 per day	\$175	1430% ¹³

¹ Bank of America: \$35 OD fee + \$35 extended overdraft fee after 5 days = \$70

² BB&T: \$35 OD fee + \$33 negative balance fee after 7 days = \$68

³ Capital One: \$35 OD fee

⁴ Citibank: \$34 OD fee

⁵ Fifth Third Bank: \$37 OD fee + \$8 per day after 3 days (4-14th day or \$88) = \$125 (\$37 OD fee 6/27/12)

⁶ HSBC: \$35 OD fee

⁷ JPMorgan Chase: \$34 OD fee + \$15 after 5th day = \$49

⁸ PNC: \$36 OD fee + \$63 sustained OD fee (\$7 per day 6th through 14th day) = \$99

⁹ RBS Citizens: \$37 OD fee + \$69.90 (\$6.99 4th through 13th day) = \$106.90

¹⁰ Regions: \$36 OD fee

¹¹ Balanced Banking account fee is \$20

¹² SunTrust: \$36 OD fee + \$36 sustained OD fee on 7th day = \$72

¹³ TD Bank: \$35 OD fee + \$20 sustained OD fee on 10th day = \$55

U.S. Bank	\$10 per item if OD is \$20 or less, \$33 per item if OD is \$20.01 or more (\$15 per item if OD \$15 or less, \$35 per item if OD is \$15.01 or more, 6/29/12)	\$25/week on 8 th day and each wk w/OD	\$10	3 OD and 3 NSF	\$99 OD if each over \$20 (\$105 if each OD over \$15)	2158% ¹⁴ (2210%)
Wells Fargo	\$35	None	\$5.01	4 per day	\$140	910% ¹⁵

¹⁴ U.S. Bank: \$33 OD fee + \$50 sustained OD fee (\$25 following 1st and 2nd week) = \$83 (\$35 OD fee + \$50 sustained)

¹⁵ Wells Fargo: \$35 OD fee

Table 2: Overdraft Transactions Covered, Payment Processing, and Overdraft Alternatives

Name	Regulator	Types of transactions covered by OD	Order in which payments are processed	OD protection programs
Bank of America	OCC	Check, online and automatic bill payments, ACH and recurring debit card transactions. ATM transactions if you opt in per use. Does NOT charge OD fee on debit card POS transactions.	At bank's discretion, but ordinarily largest to smallest dollar amount within each category ¹⁶	\$10 each for transfer from second checking account, savings account, or line of credit. Acct. can be linked to a Bank of America credit card, transfers in \$100 increments.
BB&T	OTS	Checks, automatic bill payments, recurring debit card transactions. ATM withdrawals and non-recurring debit card transactions if you opt in.	In general, posts in chronological order, then in low to high dollar amount. ¹⁷	Offered with savings, credit card, or line of credit. \$12 transfer fee.
Capital One	OCC	Checks and other transactions made using checking account number, and automatic bill payments. Non-recurring debit card transactions and ATM withdrawals if you opt in.	By category, then largest to smallest dollar amount ¹⁸	Offered with savings account or line of credit. \$10 transfer fee. \$25 annual fee on ODP line of credit an 19.8% APR.
Citibank	OCC	Check, in person withdrawal, transfer, draft, ACH transaction or electronic transactions. Does NOT charge OD on POS debit or ATM transactions.	At bank's discretion, but generally pay checks and ACH smallest to largest dollar amount ¹⁹	\$10 per day for transfers from savings account or line of credit
Fifth Third Bank	FRB	Checks and automatic bill payments using your checking account number. Non-recurring debit card transactions and ATM withdrawals if you opt in.	First post ATM and debit POS in order took place, then post checks, electronic bill pay and fees in order largest to smallest amount ²⁰	OD protection from saving account, credit card, or line of credit. Charge based on # of OD protection transfers in last 12 months. 1-10 is \$10, 11-20 is \$15, 21 or more is \$20 each. (\$12 transfer fee 6/27/12)
HSBC	OCC	Checks, may cover preauthorized automatic bill payment. Does NOT authorize and pay overdrafts for ATM transactions and POS debit card transactions.	Generally largest to smallest dollar amount ²¹	Overdraft transfer fee \$10 max per day.
JP Morgan Chase	OCC	Check, bill pay, in-person withdrawal, and ACH. ATM and non-recurring debit transactions if you opt in.	Order received for most transactions (i.e., debit card POS and ATM, cashed checks and online transactions), all others highest to lowest dollar amount ²²	\$12 per transfer to credit card, savings account or home equity line of credit. No fee if OD is \$5 or less.

¹⁶ Bank of America Deposit Agreement and Disclosures, March 1, 2012, Processing and Posting Orders, viewed May 9, 2012.

¹⁷ BB&T Bank Services Agreement, Payment of items, April 1, 2012, p. 4

¹⁸ Capital One Bank, Rules Governing Deposit Accounts, May 21, 2012.

¹⁹ Citibank Client Manual Consumer Accounts, U.S. Markets, Effective February 24, 2012, p. 24-25.

²⁰ Fifth Third Bank Customer Service, May 30, 2012.

²¹ HSBC, Rules for Deposit Accounts, accessed May 30, 2012, P. 4.

²² Chase Deposit Account Agreement, accessed April 30, 2012, Page 7.

Name	Regulator	Types of transactions covered by OD	Order in which payments are processed	OD protection programs
PNC bank	OCC	Checks, ACH transactions and preauthorized automatic debits, any use of checking account number. ATM and non-recurring debit transactions if you opt in.	Largest to smallest ²³	\$10 per transfer from other deposit account or credit card. Line of credit also available.
RBS Citizens	OCC	Checks, transactions made with checking account number, automatic bill payments. ATM and debit card transactions if you opt-in.	Largest to smallest dollar amount ²⁴	\$30 annual fee for OD protection with savings link or line of credit. Plus \$10 daily transfer fee for line of credit
Regions	FRB	Checks, other transactions made using checking account number, and automatic bill payments. ATM withdrawals and debit card transactions if you opt in.	At bank's discretion; generally largest to smallest dollar amount ²⁵	Savings, checking, money market, credit card or line of credit offered for \$15 per transaction
SunTrust Bank	FRB	Checks, in person withdrawals, or other electronic means. ATM withdrawals and non-recurring debit card transactions if you opt in.	At bank's discretion; may post largest to smallest ²⁶	Savings, money market, credit card or line of credit offered for \$12.50 per transfer.
TD Bank	OCC	Check, in person withdrawal, or other electronic means. "TD Debit Card Advance" for ATM withdrawals and debit card transactions if you opt in.	First, pending debit card, ATM, or electronic transactions, the rest ordered by category; Generally largest to smallest dollar amount within each category ²⁷	\$10 per daily transfer. Line of credit at 18% APR.
U.S. Bank	OCC	Check, automatic bill payment, recurring debit card transactions. ATM transactions and non-recurring debit card transactions if you opt in.	Date/time order for non-checks, then smallest to largest for non-time stamped. Checks in check number order. ²⁸	\$10 per transfer from other deposit account, credit card, or line of credit. Fee waived if negative account balance is less than \$10.
Wells Fargo	OCC	Check, bill pay, and ACH. ATM transactions and non-recurring debit card transactions if you opt in.	At bank's discretion; generally largest to smallest dollar amount for checks and ACH. Generally in time order for ATM, debit, others; if time stamp not available, lowest to highest. ²⁹	\$12.50 daily for savings transfer, \$2.50 for advance from line of credit. Advance from credit card also available for \$12.50-\$20 per day.

²³ PNC Bank Account Agreement for Personal Checking, Savings and Money Market Accounts, Effective December 5, 2011, page 4.

²⁴ Citizens Bank, "What You Should Know About Overdraft Fees," viewed May 30, 2012.

²⁵ Regions, Deposit Agreement, 2011, Page 10.

²⁶ SunTrust Customer Service, May 30, 2012

²⁷ TD Bank Simple Checking Account Guide (03/12), p. 2

²⁸ U.S. Bank "Your Deposit Account Agreement," February 12, 2012, p. 3,4.

²⁹ Wells Fargo, "Consumer Account Agreement," October 15, 2011, p.26-27.

