



Overdraft Fees

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Overdraft Fees

- Explain the problem with bank overdraft fees
- Briefly summarize the CFPB's proposed overdraft fee rule
- Urge support for the rule

Bank Overdraft Practices Harm Consumers

- An abusive, high-cost form of credit, taking \$9 billion a year from people struggling to get by
- Banks' manipulative practices push people into incurring fees
- Overdraft fees are hard to predict and people often overdraft by mistake
- Banks typically charge \$35 overdraft fees, yet the median debit card overdraft is \$24 and is repaid in 3 days.
- 23 million people, almost 1 in 5 consumers, incur overdraft fees

Overdraft Fees Harm the Most Vulnerable

- People who incur >10 fees year have average end-of-day balances of \$350
- Overdraft fees fall disproportionately on people of color and exacerbate wealth disparities and racial injustice
- Overdraft fees cause people to lose their bank accounts or avoid banks. 11.3% of Black & 9% of Latino households are unbanked vs. only 2.1% of white households

The Consumer Financial Protection Bureau's (CFPB) Proposed Overdraft Fee Rule Would Protect Consumers

- The rule will ensure **more affordable and transparent overdraft credit**
- Banks would have flexibility to:
 - Charge a courtesy, breakeven overdraft fee to cover their costs (the CFPB will set the fee a \$3 to \$14), OR
 - Offer an overdraft line of credit in compliance with the Truth in Lending Act (TILA), including transparent APR disclosures and assessment of ability to repay
- The rule does not limit the price of overdraft credit under with TILA.
- Overdraft credit will be more fair and transparent
- People who pay overdraft fees will save \$150 year, \$3.5 billion in total

Urge Support for the CFPB Overdraft Fee Rule

- Banks are attacking the rule. Please speak out publicly in support of the CFPB's work on junk overdraft fees (i.e., letter to CFPB; social media; public statements)
- If the rule is challenged in Congress under the Congressional Review Act (CRA) after it is finalized, vote against a CRA resolution to overturn the rule