

Major Banks Targeted In Congressional Letter Made Over \$3.76 Billion In Overdraft Or Non-Sufficient Funds Revenue As Their CEOs Received \$129.5 Million In Total Compensation

In May 2022, A Group Of Democratic Lawmakers Sent Letters To The Heads Of JPMorgan Chase, Bank Of America, And Wells Fargo Urging Them To "End Their Use Of Overdraft Fees," Which "Almost Exclusively Targets The Very Poor" And Have Been Linked To "A Forced High-Cost Payday Loan," With An Effective APR As High As 4,500%

In May 2022, Senators Elizabeth Warren (D-MA), Cory Booker (D-NJ) And Representative Carolyn Maloney (D-NY) Sent Letters To JPMorgan Chase, Bank Of America, And Wells Fargo Urging Them To "End Their Use Of Overdraft Fees" As Other Major Banks Have Done.

May 4, 2022: Senators Elizabeth Warren (D-MA), Cory Booker (D-NJ) And Representative Carolyn Maloney (D-NY) Wrote A Letter To The Heads Of JPMorgan Chase, Bank Of America, And Wells Fargo, "Calling On Them To End Their Use Of Overdraft Fees," As Several Other Major Banks Have Done.

"U.S. Senator Elizabeth Warren (D-Mass.), a member of the Senate Banking, Housing, and Urban Affairs Committee, Senator Cory Booker (D-N.J.), and Representative Caroline Maloney (D-N.Y) sent letters to JPMorgan Chase, Bank of America, and Wells Fargo, calling on them to end their use of overdraft fees, which disproportionately harm low-income Americans. Collectively, the three banks accounted for 44% of overdraft and non-sufficient fund fees collected by big banks in 2019. As several banks have moved to end overdraft fees, the lawmakers are calling on JPMorgan Chase, Bank of America, and Wells Fargo to follow suit and answer a series of questions about their overdraft fee policies and consumer protections." [Senator Elizabeth Warren, [05/04/22](#)]

Overdraft "Almost Exclusively Targets The Very Poor," With A 2017 Consumer Financial Protection Bureau (CFPB) Study Finding That Just 5% Of All Bank Accounts Producing Over 63% Of All Overdraft Fees Through Over 20 Overdrafts A Year.

Overdraft And NSF "Almost Exclusively Targets The Very Poor," With A 2017 CFPB Study Finding That Just 5% Of All Bank Accounts Produce Over 20 Overdrafts A Year And 63.3% Of All Overdraft Fees.

"This uniquely profitable part of the banking sector almost exclusively targets the very poor. According to a 2017 study by the Consumer Financial Protection Bureau, 5 percent of all accounts have over 20 overdrafts a year, which produce 63.3 percent of all overdraft fees paid by consumers." [The American Prospect, [04/22/21](#)]

- **Additionally, Another 4.2% Of All Bank Accounts With Over Ten Overdrafts A Year Accounted For Over 15% Of All Overdraft Fees Paid By Consumers.** "Another 4.2 percent of bank accounts have over ten overdrafts a year and make up more than 15 percent of fees paid by consumers." [The American Prospect, [04/22/21](#)]

Overdraft Fees Have Been Called "A Forced High-Cost Payday Loan," With A 2008 Federal Deposit Insurance Corporation (FDIC) Study Finding Overdrafts Have An Effective APR Of Over 3,500% And Another Analysis Finding An Effective APR Of Over 4,500% For A Standard Overdraft Transaction.

Overdraft Fees Have Been Called "A Forced High-Cost Payday Loan" Because They Are Often Imposed For Purchases Much Smaller Than The Typical \$35 Fee. "Overdraft is essentially a forced high-cost payday loan. When a bank customer overdraws their account, they can still pay for whatever put them over the limit, but they are assessed an overdraft fee, typically around \$35, for the privilege. That is often imposed on an overdrafted amount of money even much smaller than that, and can be repeated every day that an account remains overdrawn. The other option would be to deny transactions based on nonsufficient funds, but that wouldn't make the bank any money." [The American Prospect, [04/22/21](#)]

A 2008 Federal Deposit Insurance Corporation (FDIC) Study Found That Overdraft Fees, Which Could Be Seen As A Form Of Credit, Carry An Effective Annualized Percentage Rate (APR) Of Over 3,500%. "Overdraft is a particularly pernicious form of predatory financial activity, functionally more exploitative and expensive than what we call the 'alternative' financial sector of payday loans and check-cashing stores. As University of California, Irvine professor Mehrsa Baradaran writes in her book How the Other Half Banks, 'If you consider the fee as a payment the customer makes for the extension of credit for the overdrawn amount, a 2008 Federal Deposit Insurance Corporation (FDIC) study showed that these fees carry an effective APR in excess of 3,500 percent!'" [The American Prospect, [04/22/21](#)]

Another Analysis Found That An Overdraft Fee Of \$35 For A \$20 Purchase Would Have An Effective APR Of 4,563% If Paid Back Within A Typical 14-Day Pay Period. "Assuming the common overdraft fee of \$35 resulting from a negative balance of \$20 (conservative estimation from CFPB), and a 14-day payback period (time between paychecks), the effective APR for this mishap would be a whopping 4563%. An equivalent payday loan APR would not even be legal in the majority of states (the maximum authorized payday loan APR is in Missouri at 1950% while other states such as Wisconsin, Utah, Texas, Nevada, and Delaware don't even have limits). What's worse is that because of the flat fee structure, the less you overdraft, the more you end up paying as effective interest. For example, overdrafting by \$5 with the same fee and payback period results in an effective interest of 18,250%. You can see what effective interest you might be paying on your overdrafts in the calculator at the bottom of the page." [Harvest, accessed [04/14/22](#)]

In 2021, JPMorgan, Bank Of America, And Wells Fargo Made \$3.76 Billion In Overdraft Or Non-Sufficient Funds Revenue As Their CEO's Received A Combined \$129.5 Million In Total Compensation.

In 2021, JPMorgan Chase Had Over \$1.2 Billion In Overdraft Or Non-Sufficient Funds Revenue As Its Chairman And CEO Jamie Dimon Received Over \$84 Million In Total Compensation.

According To The Consumer Financial Protection Bureau, JP Morgan Chase Had \$1.211 Billion In Overdraft Or Non-Sufficient Funds Revenue In 2021:

Bank	Overdraft/NSF Revenue Reported for 2021
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[...]

JP Morgan Chase Bank, N.A.	\$1.211 billion
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[Consumer Financial Protection Bureau, [04/01/22](#)]

In 2021, JPMorgan Chase Chairman And CEO Jamie Dimon Received \$84,428,145 In Total Compensation, Over \$52 Million More Than In 2020:

Name and principal position	Year	Salary (\$) ¹	Bonus (\$) ²	Stock awards (\$) ³	Option awards (\$) ⁴	Change in pension value and non-qualified deferred compensation earnings (\$) ⁵	All other compensation (\$) ⁶	Total (\$)
James Dimon Chairman and CEO	2021	\$ 1,500,000	\$ 5,000,000	\$ 25,000,000	\$ 52,620,000	\$ 25,486	\$ 282,659 ⁷	\$ 84,428,145
	2020	1,500,000	5,000,000	25,000,000	–	21,845	142,709	31,664,554
	2019	1,500,000	5,000,000	24,500,000	–	34,370	578,246	31,612,616

[JP Morgan Chase 2022 Proxy Statement, [04/22/22](#)]

In 2021, Bank Of America Had Over \$1.1 Billion In Overdraft Or Non-Sufficient Funds Revenue As Its Chairman And CEO Brian Moynihan Received \$23.7 Million In Total Compensation.

According To The Consumer Financial Protection Bureau, Bank Of America Had \$1.135 Billion In Overdraft Or Non-Sufficient Funds Revenue In 2021:

Bank	Overdraft/NSF Revenue Reported for 2021
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[...]

Bank of America, N.A.	\$1.135 billion
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[Consumer Financial Protection Bureau, [04/01/22](#)]

In 2021, Bank Of America Chairman And CEO Brian Moynihan Received \$23,729,169 In Total Compensation:

Name and principal position ⁽²⁾	Year	Salary (\$) ⁽³⁾	Bonus (\$) ⁽⁴⁾	Stock awards (\$) ⁽⁵⁾	Non-equity incentive plan compensation (\$)	Change in pension value and nonqualified deferred compensation earnings (\$) ⁽⁶⁾	All other compensation (\$) ⁽⁷⁾	Total (\$)
Brian T. Moynihan Chair and Chief Executive Officer	2021	1,500,000	0	21,395,424	0	565,990	267,755	23,729,169
	2020	1,500,000	0	23,525,808	0	673,974	240,789	25,940,571
	2019	1,500,000	0	23,575,105	0	632,250	331,858	26,039,213

[Bank of America 2022 Proxy Statement, [03/07/22](#)]

In 2021, Wells Fargo Had Over \$1.4 Billion In Overdraft Or Non-Sufficient Funds Revenue As Its President And CEO Charles Scharf Received \$21.3 Million In Total Compensation.

According To The Consumer Financial Protection Bureau, Wells Fargo Had \$1.414 Billion In Overdraft Or Non-Sufficient Funds Revenue In 2021:

Bank	Overdraft/NSF Revenue Reported for 2021
Wells Fargo Bank, N.A.	\$1.414 billion

[Consumer Financial Protection Bureau, [04/01/22](#)]

In 2021, Wells Fargo President And CEO Charles Scharf Received \$21,350,906 In Total Compensation:

Name and Principal Position (a)	Year (b)	Salary (\$)(c)	Bonus (\$)(¹) (d)	Stock Awards (\$)(² / ³) (e)	Non-Equity Incentive Plan Compensation (\$)(⁴) (f)	Change In Pension Value and Nonqualified Deferred Compensation Earnings (\$)(⁵ / ⁶) (g)	All Other Compensation (\$)(⁷) (h)	Total (\$)(i)
Charles W. Scharf CEO and President	2021	2,500,000	—	13,485,052	5,365,854	—	—	21,350,906
	2020	2,500,000	—	13,542,046	4,350,000	—	—	20,392,046
	2019	498,084	5,000,000	28,788,490	—	—	—	34,286,574

[Wells Fargo 2022 Proxy Statement, [03/13/22](#)]