

Amid The Consumer Financial Protection Bureau's Initiative To Reduce "Exploitative Junk Fees," Consumers Have Saved \$4.25 Billion As Overdraft And Non-Sufficient Fund Fee Revenue Declined From 2019 To 2022

In Late 2021, The Consumer Financial Protection Bureau (CFPB) Warned That It Would Be "Enhancing Its Supervisory And Enforcement Scrutiny Of Banks That Are Heavily Dependent On Overdraft Fees," Eventually Launching An Initiative To "Save Households Billions Of Dollars A Year By Reducing Exploitative Junk Fees."

In December 2021, The Consumer Financial Protection Bureau (CFPB) Found That Banks With Over \$1 Billion In Assets "Continue[d] To Rely Heavily On Overdraft And Non-Sufficient Funds (NSF) Revenue" And Warned That It Would Be "Enhancing Its Supervisory And Enforcement Scrutiny Of Banks That Are Heavily Dependent On Overdraft Fees."

December 1, 2021: A Consumer Financial Protection Bureau (CFPB) Report Found That Banks With Over \$1 Billion In Assets "Continue[d] To Rely Heavily On Overdraft And Non-Sufficient Funds (NSF) Revenue," Reaping \$15.47 Billion In 2019, 44% Of Which Belonged To Just Three Banks: JPMorgan Chase, Wells Fargo, and Bank of America. "Banks continue to rely heavily on overdraft and non-sufficient funds (NSF) revenue, which reached an estimated \$15.47 billion in 2019, according to research released today by the Consumer Financial Protection Bureau (CFPB). Three banks—JPMorgan Chase, Wells Fargo, and Bank of America—brought in 44% of the total reported that year by banks with assets over \$1 billion. The CFPB also found that while small institutions with overdraft programs charged lower fees on average, consumer outcomes were similar to those found at larger banks." [Consumer Financial Protection Bureau, [12/01/21](#)]

The CFPB Warned That It Would Be "Enhancing Its Supervisory And Enforcement Scrutiny Of Banks That Are Heavily Dependent On Overdraft Fees," Referencing Recent Enforcement Actions Involving TD Bank And TCF Bank. "The CFPB will be enhancing its supervisory and enforcement scrutiny of banks that are heavily dependent on overdraft fees. In recent years, the CFPB ordered TD Bank to pay \$122 million in penalties and customer restitution, and ordered TCF Bank to pay \$30 million in penalties and restitution." [Consumer Financial Protection Bureau, [12/01/21](#)]

In January 2022, The CFPB Launched An Initiative To "Save Households Billions Of Dollars A Year By Reducing Exploitative Junk Fees," And Sought Input From The Public To Help "Craft Rules, Issue Industry Guidance, And Focus Supervision And Enforcement Resources" Around Specifically Overdraft, Late, And Nonsufficient Funds Fees.

In January 2022, The CFPB Launched An Initiative To "Save Households Billions Of Dollars A Year By Reducing Exploitative Junk Fees." "Today, the Consumer Financial Protection Bureau (CFPB) launched an initiative to save households billions of dollars a year by reducing exploitative junk fees charged by banks and financial companies. Today's request is a chance for the public to share input that will help shape the agency's

rulemaking and guidance agenda, as well as its enforcement priorities in the coming months and years." [Consumer Financial Protection Bureau, [01/26/22](#)]

As Part Of The Review, The CFPB Requested Information On Overdraft, Late, Non-sufficient Funds (NSF), And A Variety Of Other Service Fees. "Besides late fees, overdraft and nonsufficient funds fees, the CFPB's request for information listed a smorgasbord of other charges, including ATM, ACH transfer, balance-inquiry, card cancellation, cash reload, check image and inactivity fees." [American Banker, [01/26/22](#)]

The CFPB Sought Input From The Public To Help "Craft Rules, Issue Industry Guidance, And Focus Supervision And Enforcement Resources" Around Junk Fees. "The CFPB will strive to strengthen competition in consumer finance by using its authorities to reduce these kinds of junk fees. To craft rules, issue industry guidance, and focus supervision and enforcement resources to achieve this goal, the CFPB is seeking input from the public. Public comments provide valuable insights that allow the CFPB to target the most pressing needs and concerns, including uncovering potential illegal practices or fees." [Consumer Financial Protection Bureau, [01/26/22](#)]

Many Banks "Decide[d] To Get Out In Front Of [The CFPB's Actions] By Voluntarily Ending Or Reducing The Fees," With 2022 Seeing "A Flood" Of Large And Midsize Banks Change Their Overdraft And NSF Policies, Including Capital One, JPMorgan, Wells Fargo, Bank Of America, And Citibank.

After The CFPB Signaled It Was Going To Take A Hard Look At Banks Charging Junk Fees, Banks "Decide[d] To Get Out In Front Of That By Voluntarily Ending Or Reducing The Fees," With 2022 Seeing "A Flood" Of Large And Midsize Banks Changing Their Overdraft And NSF Policies Including At Least Thirteen Of The Largest 20 Commercial Banks Making Changes To Their Fee Programs.

After The CFPB Signaled It Was Going To Take A Hard Look At Banks Charging Junk Fees, Banks "Decide[d] To Get Out In Front Of That By Voluntarily Ending Or Reducing The Fees." "It's an area of focus for many of the banks because of the increased regulatory scrutiny on overdraft fees,' says Gerard Cassidy, an analyst with RBC Capital Markets. The CFPB has recently signaled that it's going to be taking a hard look at banks charging these fees. So tougher regulation might be on the way. And Cassidy says more banks could decide to get out in front of that by voluntarily ending or reducing the fees. 'That would not surprise me if you do see other banks follow suit.'" [NPR, [01/11/22](#)]

In 2022, "A Flood" Of Large And Midsize Banks Changed Their Overdraft And NSF Policies. "What started as a trickle of overdraft-fee policy changes in 2021 became a flood in 2022 as a growing number of large and midsize banks made their policies more consumer-friendly. The list includes megabanks like Citigroup, which this year became the largest U.S. bank to eliminate overdraft fees entirely, and Wells Fargo, which recently launched a new small-dollar loan program to help customers avoid overdraft charges. It also includes regional banks such as Charlotte, North Carolina-based Truist Financial, which dropped all fees tied to transactions that get rejected because the customer lacks sufficient funds, as well as charges for overdraft protection transfers." [American Banker, [12/19/22](#)]

In August 2021, All But Two Of The Top 20 Banks Charged Nonsufficient-Funds Fees, But By August 2022, Thirteen Of Those 20 Banks "Eliminated Nonsufficient-Funds Fees As Part Of Broader Overdraft Reforms." "Thirteen of the 20 biggest U.S. commercial banks eliminated nonsufficient-funds fees as part of broader overdraft reforms, and four more were scheduled to do the same by the end of this year, an American Banker analysis in August found. In August 2021, by contrast, all but two of the top 20 banks charged the fees.

It remains to be seen whether the rapid demise of NSF fees will flow down to smaller banks." [American Banker, [12/19/22](#)]

Starting In December 2021, Banks Like Capital One And JPMorgan Chase Eliminated Or Made Changes To Their NSF And Overdraft Programs, As More Banks, Including Wells Fargo, Bank Of America, And Citibank, Followed Suit—Capital One's Announcement Came The Same Day The CFPB Released A Report Highlighting The Use Of Excessive Junk Fees.

December 1, 2021: Capital One Became The First Of The Largest Banks To "Completely Eliminate All Overdraft Fees And Non-Sufficient Fund (NSF) Fees." "Today, Capital One announced it will completely eliminate all overdraft fees and non-sufficient fund (NSF) fees for its consumer banking customers. Capital One will continue to provide free overdraft protection. Capital One is America's 6th-largest retail bank and the only top-10 retail bank to make this move for all of its consumer bank products." [Capital One, [12/01/21](#)]

- **December 1, 2021: The Consumer Financial Protection Bureau (CFPB) Released A Report Demonstrating That Banks "Continue To Rely Heavily On Overdraft And Non-Sufficient Funds (NSF) Revenue."** [Consumer Financial Protection Bureau, [12/01/21](#)]

December 8, 2021: JPMorgan Chase Announced Plans To "Give Customers More Leeway On Overdrafts Before Charging Fees." "JPMorgan Chase will give customers more leeway on overdrafts before charging fees, giving up revenue in a bid to keep up with competitors and attract customers, it said on Wednesday. Beginning next year it will give customers a full day to restore overdrawn balances and will allow them to tap funds from direct deposits of paychecks two days early, the bank said." [CNBC, [12/08/21](#)]

January 11, 2022: Wells Fargo And Bank Of America Announced They Would No Longer Charge Non-Sufficient Funds Fees, Along With Bank Of America Reducing Overdraft Fees From \$35 To \$10 Starting In May. "Wells Fargo & Co and Bank of America will no longer charge customers for bouncing checks and are adopting new policies to limit overdraft-related fees, the latest lenders to overhaul such charges amid growing regulatory scrutiny. Bank of America, the second-largest U.S. bank, said earlier on Tuesday it will reduce the fee it charges customers who overdraft accounts to \$10 from \$35 starting in May. Both banks said they will stop charging customers a \$35 non-sufficient funds (NSF) fee for bouncing checks or making other automated payments, and will eliminate the roughly \$12 fees previously levied when customers used overdraft protection services." [Reuters, [01/11/22](#)]

Shortly After Bank Of America's Policy Change, First Citizens And M&T Bank Made Changes To Its Overdraft Program. "Just two weeks after the Charlotte, North Carolina-based megabank's announcement, First Citizens BancShares in Raleigh, North Carolina, cut its overdraft fee to \$10. A few weeks later, Buffalo, New York-based M&T Bank, said it would lower its overdraft charge this year from \$35 to \$15." [American Banker, [12/19/22](#)]

June 2022: Citibank Became The Largest Bank To Eliminate "Fees Associated With Overdrafts, Overdraft Protection, NSF And Returned Items." "In June 2022, Citibank eliminated fees associated with overdrafts, overdraft protection, NSF and returned items. In making the changes, it became the largest bank to do away with overdraft fees." [Bankrate, [03/17/23](#)]

A May 2023 Consumer Financial Protection Bureau Report Found That Overdraft And Non-Sufficient Fund Fee Revenue From The Largest U.S. Banks Declined By 35% From 2019 To 2022, "Likely Due To Changes In Bank Policies That Started To Go Into Effect Toward The End Of 2021 And Throughout 2022."

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May 24, 2023: The Consumer Financial Protection Bureau Found That In 2022, Overdraft And Non-Sufficient Fund Fee Revenue Declined Compared To 2019, "Likely Due To Changes In Bank Policies That Started To Go Into Effect Toward The End Of 2021 And Throughout 2022." "In the second half of 2021, overdraft/NSF fee revenue rebounded somewhat. However, this revenue began decreasing again in early 2022. The sustained reductions we find in 2022 versus 2019 are likely due to changes in bank policies that started to go into effect toward the end of 2021 and throughout 2022." [The Consumer Financial Protection Bureau, [05/24/23](#)]

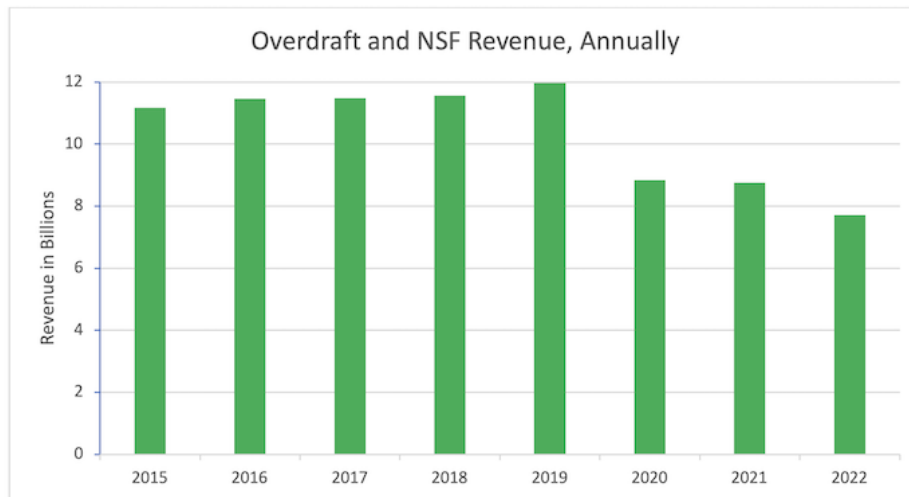
The CFPB Found That Eight Of The Largest U.S. Banks Saw Decreases In Their Overdraft/NSF Revenue In 2022 Compared To 2019, Reflecting Policy Changes To Overdraft, NSF, And Other Banking Fees.

All of these large banks saw decreases in overdraft/NSF revenue of at least one-third compared to the fourth quarter of 2019, and the total decrease across all eight banks was 56%. Specifically:

- **Bank of America** experienced the most significant decline by far (91%), which likely reflects the reduction of its overdraft fee to \$10, the elimination of overdraft fees on ATM withdrawals, and the elimination of NSF fees, among other changes.
- **TD Bank, U.S. Bank, and PNC** all experienced declines of over 50%. Among other changes, all three banks have eliminated NSF fees; all three banks have established a grace period until the end of the next day before an overdraft fee is charged; TD Bank and U.S. Bank have implemented \$50 negative balance cushions; and PNC has implemented a limit of one overdraft fee per day.
- **JPMorgan Chase and Wells Fargo** experienced 45% and 44% declines, respectively. Both banks eliminated NSF fees and introduced a grace period until the end of the next day before an overdraft fee is charged. JPMC also now has a \$50 negative balance cushion.
- **Truist** (38%) and **Regions** (37%) experienced relatively smaller declines. Both banks eliminated NSF fees.

[The Consumer Financial Protection Bureau, [05/24/23](#)]

In 2022, Banks With Assets Over \$1 Billion Reported Combined Overdraft/NSF Revenues Of \$7.72 Billion, A 35% Decrease From The \$11.97 Billion Reported In 2019. "For the full year 2022, combined overdraft/NSF revenue was \$7.72 billion, a decrease of 35% compared to the \$11.97 billion reported in 2019."



[The Consumer Financial Protection Bureau, [05/24/23](#)]

- **"Banks With Assets Over \$1 Billion Have Been Required To Report Overdraft/NSF Fee Revenue In Their Call Report Data Since 2015."** [The Consumer Financial Protection Bureau, [05/24/23](#)]
- **In 2020 And 2021, Bank Overdraft/NSF Fee Revenue Was Lower Than Before The Pandemic, "Likely Primarily Due To Pandemic-Related Stimulus Checks" But Rebounded In The Second Half Of 2021.** "Bank overdraft/NSF fee revenue was lower in 2020 and 2021 than before the pandemic, likely primarily due to pandemic-related stimulus checks pushing up average checking account balances. In the second half of 2021, overdraft/NSF fee revenue rebounded somewhat." [The Consumer Financial Protection Bureau, [05/24/23](#)]