

Congress of the United States

Washington, DC 20510

May 4, 2022

Jamie Dimon
Chief Executive Officer and President
J.P. Morgan Chase & Co.
270 Park Avenue
New York, NY 10017

Dear Mr. Dimon:

We're writing today regarding your bank's ongoing use of overdraft fees, which disproportionately harm low-income consumers and make the financial system less equitable. In 2019, just three banks – JP Morgan Chase, Bank of America, and Wells Fargo – raked in 44% of the profits big banks made from overdraft and non-sufficient fund (NSF) fees.¹ But in recent months, several banks, including Capital One and Citigroup Inc. moved to eliminate these predatory fees.² It is now time for the industry as a whole, and in particular, the major institutions raking in these fees, to follow suit and protect consumers.

Overdraft fees are one of the “most common exploitative mechanisms big banks use to target the poor.”³ These fees harm the most vulnerable consumers, with the Consumer Financial Protection Bureau (CFPB) finding that 79% of all overdraft and non-sufficient funds (NSF) fees were levied against only 9% of account holders.⁴ One study found that most consumers who paid overdraft fees and more than 80% of “heavy overdrafters” had trouble meeting regular financial obligations within the last year.⁵ Overall, the discrepancies in who pays overdraft fees, and how heavily the penalties are levied against them, amount to a “tax on the poor, an extraction from the country's poorest Americans to its wealthiest banks.”⁶

Although some banks provide alternatives to overdraft fees, many consumers are not made aware of them: nearly 3 in 4 consumers who had paid overdraft fees did not understand that they had

¹ Fox Business, “Here's how banking will evolve amid the 'death' of overdraft fees, according to J.D. Power,” Kelsey Ramirez, March 16, 2022, <https://www.foxbusiness.com/personal-finance/overdraft-fees-evolve-banking>.

² Bloomberg Law, “Capital One Shuffles ESG Role After Ditching Overdraft Fees,” Brian Baxter, March 10, 2022, <https://news.bloomberglaw.com/business-and-practice/capital-one-legal-chief-gets-new-roles-as-predecessor-retires>.

³ Insider, “Predatory banks rake in billions of dollars in overdraft fees from their poorest customers every year. The Consumer Financial Protection Bureau is trying to put a stop to it,” Paul Constant, December 11, 2021, <https://www.businessinsider.com/how-predatory-banks-rake-billions-overdraft-fees-against-poorest-users-2021-12>.

⁴ Consumer Financial Protection Bureau, “Data Point: Frequent Overdrafters,” David Low, Eva Nagypal, Leslie Parrish, Akaki Skhirtladze, and Corey Stone, August 2017, p. 4, https://files.consumerfinance.gov/f/documents/201708_cfpb_data-point_frequent-overdrafters.pdf.

⁵ Pew Trusts, “Overdraft Does Not Meet the Needs of Most Consumers,” Issue Brief, December 20, 2017, <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2017/12/overdraft-does-not-meet-the-needs-of-most-consumers>.

⁶ Vox, “Why do banks charge a fee for not having enough money?,” Tatiana Walk-Morris, October 25, 2021, <https://www.vox.com/22733050/overdraft-fees-bank-not-enough-money-why>.

the right to have transactions declined without a fee instead.⁷ And banks and financial institutions tend to keep their consumers even if a better option is available due to the difficulty of switching – meaning that even if they charge outrageous fees, banks still retain many customers.⁸

During the coronavirus pandemic, profits from overdraft fees have continued to rise even as regulators warned banks against staying hooked on “exploitative junk fees.”⁹ In 2020, banks collected \$3.6 billion in service fees in the fourth quarter of the year, including \$2.3 billion in overdraft fees – a 64% spike from the second quarter of that same year.¹⁰ On a per-account basis, JP Morgan, raked in these fees at a rate more than seven times per account than your competitors, bringing in nearly \$1.5 billion in overdraft fees in 2020.¹¹

In recent months, as several major financial institutions moved to eliminate or reduce overdraft fees, there has been a “race-to-the-top” in establishing more pro-consumer fee policies.¹² But not all banks fully participated: in December 2021, your bank announced steps to reduce the burden of overdraft fees, including providing a 24-hour window and allowing customers to use funds from direct deposited paychecks two days earlier.¹³ However, these still leave your customers at risk of being hit with unexpected and unfair charges. By comparison, at least two major banks announced the complete repeal of overdraft fees.¹⁴

In order to understand why JP Morgan is continuing to charge unnecessary overdraft fees despite the growing movement to drop these predatory charges, we request that you provide answers to the following questions by May 18, 2022:

1. Since implementing changes to your overdraft policies in December 2021, how much has JP Morgan charged customers in overdraft fees?
2. How are your customers informed about overdraft policies and their option to opt-out or avoid fees through services like Chase Secure Banking? How often, and in what manner, do you reach out to these customers? What percentage of customers take advantage of these options?

⁷ Pew Trusts, “Overdraft Does Not Meet the Needs of Most Consumers,” Issue Brief, December 20, 2017, <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2017/12/overdraft-does-not-meet-the-needs-of-most-consumers>.

⁸ Vox, “Why it costs money to get your own money,” Emily Stewart, March 10, 2022, <https://www.vox.com/the-goods/22969273/bank-fees-overdraft-atm-postal-banking>.

⁹ Consumer Financial Protection Bureau, “Prepared Remarks of CFPB Director Rohit Chopra on the Overdraft Press Call,” press release, December 1, 2021, <https://www.consumerfinance.gov/about-us/newsroom/prepared-remarks-cfpb-director-rohit-chopra-overdraft-press-call/>.

¹⁰ Vox, “Why do banks charge a fee for not having enough money?,” Tatiana Walk-Morris, October 25, 2021, <https://www.vox.com/22733050/overdraft-fees-bank-not-enough-money-why>.

¹¹ CBS News, “Elizabeth Warren spars with JPMorgan Chase head Jamie Dimon on overdraft fees,” Melissa Quinn, May 26, 2021, <https://www.cbsnews.com/news/bank-overdraft-fees-elizabeth-warren-jamie-dimon/>.

¹² American Banker, “BankThink Don’t be the last banker to update your overdraft program,” Michael Hsu, March 28, 2022, <https://www.americanbanker.com/opinion/dont-be-the-last-banker-to-update-your-overdraft-program>.

¹³ CNBC, “JPMorgan Chase reduces bank overdraft fees in bid for customers,” December 8, 2021, <https://www.cnbc.com/2021/12/08/jpmorgan-chase-reduces-bank-overdraft-fees-in-bid-for-customers.html>.

¹⁴ CNET, “The Biggest Bank Yet Has Announced It’s Eliminating Overdraft Fees,” Dan Avery, March 1, 2022, <https://www.cnet.com/personal-finance/banking/citibank-eliminating-overdraft-fees/>.

3. Is there a waiting period between when an individual opens a new account and when JP Morgan may offer overdraft protection?
4. Is there a limit to how many overdraft fees, or the total value of overdraft fees, that a customer can be forced to pay each month or year?
5. Does JP Morgan charge overdraft fees on debit card transactions or ATM withdrawals?

Thank you for your attention to this matter.

Sincerely,



Elizabeth Warren
United States Senator



Carolyn B. Maloney
Member of Congress
Chair, Committee on
Oversight and Reform



Cory A. Booker
United States Senator

Congress of the United States

Washington, DC 20510

May 4, 2022

Brian Moynihan
Chairman of the Board and Chief Executive Officer
Bank of America
100 North Tryon Street
Charlotte, NC 28255

Dear Mr. Moynihan:

We're writing today regarding your bank's ongoing use of overdraft fees, which disproportionately harm low-income consumers and make the financial system less equitable. In 2019, just three banks – JP Morgan Chase, Bank of America, and Wells Fargo – raked in 44% of the profits big banks made from overdraft and non-sufficient fund (NSF) fees.¹ But in recent months, several banks, including Capital One and Citigroup Inc. moved to eliminate these predatory fees.² It is now time for the industry as a whole, and in particular the major institutions raking in these fees, to follow suit and protect consumers.

Overdraft fees are one of the “most common exploitative mechanisms big banks use to target the poor.”³ These fees harm the most vulnerable consumers, with the Consumer Financial Protection Bureau (CFPB) finding that 79% of all overdraft and non-sufficient funds (NSF) fees were levied against only 9% of account holders.⁴ One study found that most consumers who paid overdraft fees and more than 80% of “heavy overdrafters” had trouble meeting regular financial obligations within the last year.⁵ Overall, the discrepancies in who pays overdraft fees, and how heavily the penalties are levied against them, amount to a “tax on the poor, an extraction from the country's poorest Americans to its wealthiest banks.”⁶

Although some banks provide alternatives to overdraft fees, many consumers are not made aware of them: nearly 3 in 4 consumers who had paid overdraft fees did not understand that they had

¹ Fox Business, “Here's how banking will evolve amid the 'death' of overdraft fees, according to J.D. Power,” Kelsey Ramirez, March 16, 2022, <https://www.foxbusiness.com/personal-finance/overdraft-fees-evolve-banking>.

² Bloomberg Law, “Capital One Shuffles ESG Role After Ditching Overdraft Fees,” Brian Baxter, March 10, 2022, <https://news.bloomberglaw.com/business-and-practice/capital-one-legal-chief-gets-new-roles-as-predecessor-retires>.

³ Insider, “Predatory banks rake in billions of dollars in overdraft fees from their poorest customers every year. The Consumer Financial Protection Bureau is trying to put a stop to it,” Paul Constant, December 11, 2021, <https://www.businessinsider.com/how-predatory-banks-rake-billions-overdraft-fees-against-poorest-users-2021-12>.

⁴ Consumer Financial Protection Bureau, “Data Point: Frequent Overdrafters,” David Low, Eva Nagypal, Leslie Parrish, Akaki Skhirtladze, and Corey Stone, August 2017, https://files.consumerfinance.gov/f/documents/201708_cfpb_data-point_frequent-overdrafters.pdf.

⁵ Pew Trusts, “Overdraft Does Not Meet the Needs of Most Consumers,” Issue Brief, December 20, 2017, <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2017/12/overdraft-does-not-meet-the-needs-of-most-consumers>.

⁶ Vox, “Why do banks charge a fee for not having enough money?,” Tatiana Walk-Morris, October 25, 2021, <https://www.vox.com/22733050/overdraft-fees-bank-not-enough-money-why>.

the right to have transactions declined without a fee instead.⁷ And banks and financial institutions tend to keep their consumers even if a better option is available due to the difficulty of switching – meaning that even if they charge outrageous fees, banks still retain many customers.⁸

During the coronavirus pandemic, profits from overdraft fees have continued to rise even as regulators warned banks against staying hooked on “exploitative junk fees.”⁹ In 2020, banks collected \$3.6 billion in service fees in the fourth quarter of the year, including \$2.3 billion in overdraft fees – a 64% spike from the second quarter of that same year.¹⁰

In recent months, as several major financial institutions moved to eliminate or reduce overdraft fees, there has been a “race-to-the-top” in establishing more pro-consumer fee policies.¹¹ But not all banks fully participated: in January 2022, your bank announced that it would reduce overdraft fees from \$35 to \$10 beginning in May, and charge overdraft fees no more than twice a day, down from a potential four charges.¹² However, these still leave your customers at risk of being hit with unexpected and unfair charges. By comparison, at least two major banks announced the complete repeal of overdraft fees.¹³

In order to understand why Bank of America is continuing to charge unnecessary overdraft fees despite the growing movement to drop these predatory charges, we request that you provide answers to the following questions by May 18, 2022:

1. Since implementing changes to your overdraft policies in December 2021, how much has Bank of America charged customers in overdraft and non-sufficient fund fees?
2. How are your customers informed about overdraft policies and their option to opt out or avoid fees? What percentage of customers take advantage of these options?
3. Is there a waiting period between when an individual opens a new account and when Bank of America may offer overdraft protection?

⁷ Pew Trusts, “Overdraft Does Not Meet the Needs of Most Consumers,” Issue Brief, December 20, 2017, <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2017/12/overdraft-does-not-meet-the-needs-of-most-consumers>.

⁸ Vox, “Why it costs money to get your own money,” Emily Stewart, March 10, 2022, <https://www.vox.com/the-goods/22969273/bank-fees-overdraft-atm-postal-banking>.

⁹ Consumer Financial Protection Bureau, “Prepared Remarks of CFPB Director Rohit Chopra on the Overdraft Press Call,” press release, December 1, 2021, <https://www.consumerfinance.gov/about-us/newsroom/prepared-remarks-cfpb-director-rohit-chopra-overdraft-press-call/>.

¹⁰ Vox, “Why do banks charge a fee for not having enough money?,” Tatiana Walk-Morris, October 25, 2021, <https://www.vox.com/22733050/overdraft-fees-bank-not-enough-money-why>.

¹¹ American Banker, “BankThink Don’t be the last banker to update your overdraft program,” Michael Hsu, March 29, 2022, <https://www.americanbanker.com/opinion/dont-be-the-last-banker-to-update-your-overdraft-program>.

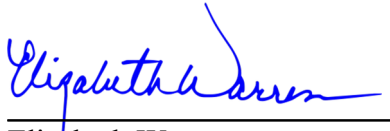
¹² Bank of America, “Bank of America Announces Sweeping Changes to Overdraft Services in 2022, Including Eliminating Non-Sufficient Funds Fees and Reducing Overdraft Fees,” press release, January 11, 2022, <https://newsroom.bankofamerica.com/content/newsroom/press-releases/2022/01/bank-of-america-announces-sweeping-changes-to-overdraft-services.html>; Bank of America, “Overdraft Protection,” website accessed May 3, 2022, <https://promotions.bankofamerica.com/deposits/balanceconnect/overdraft>.

¹³ CNET, “The Biggest Bank Yet Has Announced It’s Eliminating Overdraft Fees,” Dan Avery, March 1, 2022, <https://www.cnet.com/personal-finance/banking/citibank-eliminating-overdraft-fees/>.

4. Is there a limit to how many overdraft fees, or the total value of overdraft fees, that a customer can be forced to pay each month or year, in addition to the daily limit of two overdraft charges?¹⁴
5. Does Bank of America charge overdraft fees on debit card transactions or ATM withdrawals?

Thank you for your attention to this matter.

Sincerely,



Elizabeth Warren
United States Senator



Carolyn B. Maloney
Member of Congress
Chair, Committee on
Oversight and Reform



Cory A. Booker
United States Senator

¹⁴ Bank of America, "Overdraft Protection," website accessed May 3, 2022, <https://promotions.bankofamerica.com/deposits/balanceconnect/overdraft>.

Congress of the United States

Washington, DC 20510

May 4, 2022

Charles Scharf
Chief Executive Officer and President
Wells Fargo & Company
420 Montgomery Street
San Francisco, CA 94104

Dear Mr. Scharf:

We're writing today regarding your bank's ongoing use of overdraft fees, which disproportionately harm low-income consumers and make the financial system less equitable. In 2019, just three banks – JP Morgan Chase, Bank of America, and Wells Fargo – raked in 44% of the profits big banks made from overdraft and non-sufficient fund (NSF) fees.¹ But in recent months, several banks, including Capital One and Citigroup Inc. moved to eliminate these predatory fees.² It is now time for the industry as a whole, and in particular the major institutions raking in these fees, to follow suit and protect consumers.

Overdraft fees are one of the “most common exploitative mechanisms big banks use to target the poor.”³ These fees harm the most vulnerable consumers, with the Consumer Financial Protection Bureau (CFPB) finding that 79% of all overdraft and non-sufficient funds (NSF) fees were levied against only 9% of account holders.⁴ One study found that most consumers who paid overdraft fees and more than 80% of “heavy overdrafters” had trouble meeting regular financial obligations within the last year.⁵ Overall, the discrepancies in who pays overdraft fees, and how heavily the penalties are levied against them, amount to a “tax on the poor, an extraction from the country's poorest Americans to its wealthiest banks.”⁶

Although some banks provide alternatives to overdraft fees, many consumers are not made aware of them: nearly 3 in 4 consumers who had paid overdraft fees did not understand that they had

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² Bloomberg Law, “Capital One Shuffles ESG Role After Ditching Overdraft Fees,” Brian Baxter, March 10, 2022, <https://news.bloomberglaw.com/business-and-practice/capital-one-legal-chief-gets-new-roles-as-predecessor-retires>.

³ Insider, “Predatory banks rake in billions of dollars in overdraft fees from their poorest customers every year. The Consumer Financial Protection Bureau is trying to put a stop to it,” Paul Constant, December 11, 2021, <https://www.businessinsider.com/how-predatory-banks-rake-billions-overdraft-fees-against-poorest-users-2021-12>.

⁴ Consumer Financial Protection Bureau, “Data Point: Frequent Overdrafters,” David Low, Eva Nagypal, Leslie Parrish, Akaki Skhirtladze, and Corey Stone, August 2017, https://files.consumerfinance.gov/f/documents/201708_cfpb_data-point_frequent-overdrafters.pdf.

⁵ Pew Trusts, “Overdraft Does Not Meet the Needs of Most Consumers,” Issue Brief, December 20, 2017, <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2017/12/overdraft-does-not-meet-the-needs-of-most-consumers>.

⁶ Vox, “Why do banks charge a fee for not having enough money?,” Tatiana Walk-Morris, October 25, 2021, <https://www.vox.com/22733050/overdraft-fees-bank-not-enough-money-why>.

the right to have transactions declined without a fee instead.⁷ And banks and financial institutions tend to keep their consumers even if a better option is available due to the difficulty of switching – meaning that even if they charge outrageous fees, banks still retain many customers.⁸

During the coronavirus pandemic, profits from overdraft fees have continued to rise even as regulators warned banks against staying hooked on “exploitative junk fees.”⁹ In 2020, banks collected \$3.6 billion in service fees in the fourth quarter of the year, including \$2.3 billion in overdraft fees – a 64% spike from the second quarter of that same year.¹⁰

In recent months, as several major financial institutions moved to eliminate or reduce overdraft fees, there has been a “race-to-the-top” in establishing more pro-consumer fee policies.¹¹ But not all banks fully participated: in January 2022, your institution announced that it would end fees for bounced checks, give consumers 24 hours before charging an overdraft fee, and waive fees for customers using overdraft protection services by March 30, 2022.¹² However, these still leave your customers at risk of being hit with unexpected and unfair charges. By comparison, at least two major banks announced the complete repeal of overdraft fees.¹³

In order to understand why Wells Fargo is continuing to charge unnecessary overdraft fees despite the growing movement to drop these predatory charges, we request that you provide answers to the following questions by May 18, 2022:

1. Since implementing changes to your overdraft policies in December 2021, how much has Wells Fargo charged customers in overdraft and non-sufficient fund fees?
2. How are your customers informed about overdraft policies and their option to opt-out or avoid fees? What percentage of customers take advantage of these options?
3. Is there a waiting period between when an individual opens a new account and when Wells Fargo may offer overdraft protection?
4. Is there a limit to how many overdraft fees, or the total value of overdraft fees, that a customer can be forced to pay each month or year?

⁷ Pew Trusts, “Overdraft Does Not Meet the Needs of Most Consumers,” Issue Brief, December 20, 2017, <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2017/12/overdraft-does-not-meet-the-needs-of-most-consumers>.

⁸ Vox, “Why it costs money to get your own money,” Emily Stewart, March 10, 2022, <https://www.vox.com/the-goods/22969273/bank-fees-overdraft-atm-postal-banking>.

⁹ Consumer Financial Protection Bureau, “Prepared Remarks of CFPB Director Rohit Chopra on the Overdraft Press Call,” press release, December 1, 2021, <https://www.consumerfinance.gov/about-us/newsroom/prepared-remarks-cfpb-director-rohit-chopra-overdraft-press-call/>.

¹⁰ Vox, “Why do banks charge a fee for not having enough money?” Tatiana Walk-Morris, October 25, 2021, <https://www.vox.com/22733050/overdraft-fees-bank-not-enough-money-why>.

¹¹ American Banker, Michael Hsu, March 29, 2022, <https://www.americanbanker.com/opinion/dont-be-the-last-banker-to-update-your-overdraft-program>.

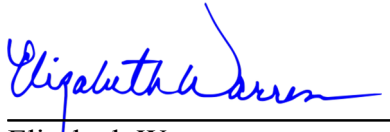
¹² Reuters, “Wells Fargo to scrap bounced check, overdraft protection fees by March 30,” Elizabeth Dilts Marshall, January 11, 2022, <https://www.reuters.com/business/wells-fargo-scrap-bounced-check-overdraft-protection-fees-by-march-30-2022-01-11/>.

¹³ CNET, “The Biggest Bank Yet Has Announced It's Eliminating Overdraft Fees,” Dan Avery, March 1, 2022, <https://www.cnet.com/personal-finance/banking/citibank-eliminating-overdraft-fees/>.

5. Wells Fargo also recently announced a new, short-term credit product targeted towards consumers incurring overdraft fees, which you project will be offered by the end of 2022. What is the “upfront flat fee” that will be associated with the loan? How does it compare with other loan products offered by Wells Fargo?
6. Does Wells Fargo charge overdraft fees on debit card transactions or ATM withdrawals?

Thank you for your attention to this matter.

Sincerely,



Elizabeth Warren
United States Senator



Carolyn B. Maloney
Member of Congress
Chair, Committee on
Oversight and Reform



Cory A. Booker
United States Senator