



September 9, 2019

Dear Member of Congress:

The dozens of undersigned organizations urge your office to support Rep. Carolyn Maloney's Overdraft Protection Act of 2019.

Overdraft-related fees cost consumers \$15 billion each year. By far, the most expensive way to have an overdraft covered is through an overdraft coverage fee. Financial institutions could offer and encourage their customers to choose lower cost overdraft coverage but instead they push extremely high-cost, punitive programs that disproportionately impact their most vulnerable customers.

Overdraft fees are often triggered by small debit card transactions that average about \$20, which could easily be declined for no fee when the account lacks sufficient funds. Instead, banks and credit unions pay these transactions and charge a fee averaging \$34. All too often, charging overdraft fees on debit cards unnecessarily force low-income families into a cycle of compounding fees that can only make it more difficult to make ends meet.

Research shows that overdraft fees have a particularly devastating effect on lower-income consumers and communities of color. At a time when families face great insecurity to their net worth because of predatory lending practices, we are obligated to do all that we can to protect these financial assets from further abuse.

The Overdraft Protection Act of 2019 would address the most abusive provisions of today's typical overdraft coverage by establishing the following key reforms, among others:

- requiring that all overdraft fees be reasonable and proportional to the cost to the institution of processing the transaction;
- limiting the number of overdraft fees institutions can charge to one per month and six per year, without preventing them from offering a lower cost alternative if they want to continue charging for overdrafts;

- clarifying that overdraft fees are a finance charge under the Truth in Lending Act;
- prohibiting institutions from charging an overdraft coverage fee on any transaction that results from a debit hold placed on an account that exceeds the actual dollar value of the transaction;
- prohibiting institutions from reordering transactions to maximize fees.

For these reasons, we enthusiastically support the Overdraft Protection Act of 2019 and urge your office to do the same.

Sincerely,

Americans for Financial Reform

20/20 Vision

Alaska Public Interest Research Group (AkPIRG)

Center for Responsible Lending

Communications Workers of America (CWA)

Consumer Federation of America

Consumers for Auto Reliability and Safety

Georgia Watch

Gray Panther

International Union, UAW

Kentucky Resources Council, Inc.

Madison-area Urban Ministry

Maggie Cervantes

Miami Valley Fair Housing Center, Inc.

Michigan League for Public Policy

NAACP

National Consumer Law Center (on behalf of its low-income clients)

New Home Development

Partners In Community Building, Inc.

PathWays PA

Pennsylvania Council of Churches

Public Justice Center

Reinvestment Partners

Renaissance Entrepreneurship Center

Tennessee Citizen Action

The Collaborative
The Leadership Conference on Civil and Human Rights
THE ONE LESS FOUNDATION
U.S. PIRG
United Way of Southern Cameron County
VOICE - OKC
West Virginia Center on Budget and Policy
Woodstock Institute
WV Citizen Action Group