

April 15, 2025

President Donald J. Trump  
The White House  
Office of the President  
1600 Pennsylvania Avenue, N.W.  
Washington, DC 20500

Dear President Trump,

The undersigned organizations urge you to veto S.J. Res. 18 to overturn the Consumer Financial Protection Bureau’s overdraft fee rule, which will reduce most overdraft fees from \$35 to \$5, stop manipulative practices by big banks, improve transparency, and put \$5 billion back into the pockets of everyday people and their families. The public widely views current overdraft fee practices as unfair.

When you ran for office, you pledged to help Americans struggling to keep up with inflation and the high cost of living. You have also criticized credit card companies and called for a cap of 10 percent on excessive credit card interest rates, which burden working families with billions in additional interest charges and penalty fees. Repealing the CFPB’s rule limiting costly overdraft fees would undermine your efforts to address rising costs and leave Americans vulnerable to falling further behind financially.<sup>1</sup>

The vote to overturn the CFPB’s overdraft rule received bipartisan opposition.

The overdraft fee rule closes a paper-check era loophole that has allowed big banks to trick people into paying excessive overdraft fees and earn billions in profits off of the most vulnerable families.

- The rule lowers most so-called “courtesy” overdraft fees from \$35 to \$5, saving households that pay overdraft fees an average of \$225 a year.
- The rule gives big banks a variety of options to cover overdrafts, including safer, more transparent overdraft lines of credit with no price limit and the same disclosure requirements as credit cards.
- The rule only applies to very large institutions with over \$10 billion in assets, many of which have already adopted similar protections. Smaller banks and credit unions are completely exempt.

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<sup>1</sup> Marek, L. and Cooley, P. *How the Trump Administration May Rework Payments Policies*, Payments Dive, November 7, 2024, available at: <https://www.paymentsdive.com/news/trump-administration-cfpb-credit-card-digital-payments-policies/732224/> “We’re going to cap [interest rates] at around 10%,” Trump said during a rally on Sept. 18, calling it a “temporary” fix while Americans “catch up.” “We can’t let them make 25 and 30 percent,” he added, referring to credit card issuers.

Overdraft fees have increased steadily over time, morphing from an occasional, ad hoc courtesy provided to consumers to a line of business. The CFPB estimates that consumers paid roughly \$5.8 billion in overdraft fees in 2023 alone.<sup>2</sup> Many overdraft services are effectively short-term lending programs with extremely high interest rates as banks provide short-term liquidity for overdrawn transactions in exchange for a fee.

As noted by the CFPB, large banks typically charge \$35 for an overdraft loan today, even though the majority of consumers' debit card overdrafts are for less than \$26 and are repaid in three days, which translates into an annual percentage rate (APR) of over 16,000 percent. This stands in contrast to the highest credit card interest rates, which are less than 36% APR.

The CFPB's rule limits overdraft fees to a reasonable amount of \$5 or an amount in line with the bank's actual costs of processing the transaction. The rule only applies to large financial institutions with more than \$10 billion in assets. These large banks are earning billions in profits, in contrast to low and moderate-income consumers, who are struggling to pay their bills.

Overdraft fees make it harder to understand the true cost of having a bank account. While consumers can opt-in to overdraft on ATM and debit card point-of-sale transactions, the opt-in provision does not apply to other types of transactions. They are not "voluntary" features.

Overdraft fees disproportionately impact low- and moderate-income consumers with excessive charges, often for small overdrafts on their accounts, and can trap consumers in debt. The average bank balance for customers who frequently overdraft is typically a few hundred dollars, or around \$237 to \$439. A significant portion of overdrafts, about 70%, are charged to customers with balances in this range.<sup>3</sup>

Overdraft fees are especially burdensome for people on fixed incomes, including retirees and military veterans. Edward from New York told Consumer Reports:

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<sup>2</sup> CFPB, *Data Spotlight: Overdraft-NSF Revenue in 2023*, 04/24/24, available at: <https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-overdraft-nsf-revenue-in-2023-down-more-than-50-versus-pre-pandemic-levels-saving-consumers-over-6-billion-annually/>

<sup>3</sup> Valenti, Joe. *Overdraft Fees Can Price People Out of Banking*, Consumer Financial Protection Bureau, March 30, 2022, available at: <https://www.consumerfinance.gov/about-us/blog/overdraft-fees-can-price-people-out-of-banking>

We use a local bank, and their fee is 35.00 for an overdraft. Trouble is, they deduct that charge BEFORE their totals, causing even more overdraft fees. It's just crazy. and they will overdraft you for the overdraft fee. As an elderly couple this really weighs down because we are fixed income, and with food prices being what they are it is easy to overdraft.

Finally, excessive overdraft fees are driving millions of people out of the banking system. Overdraft fees can lead to account closures and negative information being reported to credit reporting agencies such as ChexSystems, which can keep a customer from being able to open an account at another bank.

The positions expressed in this letter are broadly shared by over 295 organizations across the country, who signed a similar [letter](#) urging the House and Senate to reject S.J. Res 18 and H.J. Res 59.

This is one of multiple efforts to roll back CFPB rules that would significantly lower costs for families.

- The current CFPB under Acting Director Russ Vought just took steps to kill the CFPB's credit card penalty fee rule which would have saved families \$10 billion per year.
- Congress also voted to pass S.J. Res. 28, killing a rule that allows the CFPB to supervise Big Tech payment app providers and ensure that they adequately protect consumers from fraud and scams.

In this critical moment, we urge you to use the power of the Presidential pen to stand with everyday people over big banks. Banks should not profit off the struggles of working families through excessive, back-end overdraft junk fees.

Please veto S.J. Res. 18.

Yours very truly,

20/20 Vision

American Association of People with Disabilities

Americans for Financial Reform

Appleseed Foundation

Center for LGBTQ Economic Advancement and Research (CLEAR)

Center for Responsible Lending

Coastal Enterprises, Inc.

Consumer Federation of America

Consumer Reports  
Demand Progress  
HEAL (Health, Environment, Agriculture, Labor) Food Alliance  
Hip Hop Caucus  
Indiana Community Action Poverty Institute  
National Consumer Law Center (on behalf of its low-income clients)  
National Consumers League  
New Jersey Appleseed Public Interest Law Center  
New Jersey Citizen Action  
New Yorkers for Responsible Lending  
Prosperity Works  
Public Justice  
South Carolina Appleseed Legal Justice Center  
Student Borrower Protection Center  
The Greenlining Institute  
William E. Morris Institute for Justice

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