A report from THE PEW CHARITABLE TRUSTS | April 2014

Checks and Balances

2014 Update

The Pew Charitable Trusts

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About the series

This report is the fourth in a series by The Pew Charitable Trusts examining key checking account terms and conditions. In our first report, in 2011, *Hidden Risks: The Case for Safe and Transparent Checking Accounts*, we studied and reported on the disclosures from the 10 largest banks in the United States by deposit volume. Our second report, in 2012, *Still Risky: An Update on the Safety and Transparency of Checking Accounts* expanded the research and examined the disclosures from the 12 largest banks as well as the 12 largest credit unions. In both reports we highlighted our policy recommendations, which urge the Consumer Financial Protection Bureau, or CFPB, to write new rules requiring financial institutions to:

- Summarize key information about terms and fees in a concise, uniform format.
- Provide accountholders with clear, comprehensive terms and pricing information for all available overdraft options.
- Make overdraft penalty fees reasonable and proportional to the financial institution's costs in providing the overdraft loan.
- Post deposits and withdrawals in a fully disclosed, objective, and neutral manner that does not maximize overdraft fees.
- Prohibit pre-dispute mandatory binding arbitration clauses in checking account agreements, which prevent accountholders from accessing courts to challenge unfair and deceptive practices or other legal violations.

This study and our 2013 report, *Checks and Balances: Measuring Checking Accounts' Safety and Transparency*, rate the 50 largest banks based on how well their disclosure, overdraft, and dispute resolution practices meet these policy recommendations.

Overview

Checking accounts remain a fundamental financial product for consumers. Nine in 10 Americans have checking accounts and most rely on these accounts to make purchases, pay bills, withdraw cash, or deposit paychecks.[1] Because checking accounts are an essential and widely used product, they need to be safe, fair, and transparent. Unfortunately, the formal disclosure documents outlining these accounts' fees, terms, and conditions are often long, unintelligible, and opaque. Overdraft and transaction processing practices often result in surprise fees. And dispute resolution terms leave little room for consumers to choose how they want to proceed in the event of a problem. The good news for bank customers in 2014 is that disclosure policies have improved, especially those related to key terms, and there are greater overdraft protections at the ATM. Yet the bad news is that more banks are charging extended overdraft fees and limiting options for dispute resolution.

These are the overarching findings of The Pew Charitable Trusts' fourth annual study of bank checking account disclosures.[2] Our goal in this report, and the three previous ones, is to determine how consumers are affected by the terms and conditions of checking accounts. We do this by reading and analyzing account agreements to determine bank policies and practices. We rely on these documents rather than contacting banks directly for this information because banks are legally required to accurately communicate these terms and conditions in writing to consumers. In addition, customers shopping for an account, whether online or in bank branches, would have to depend on these disclosures to choose a product or service that best meets their needs.

In our first study, released in 2011, we reported on the availability of important account information for the 10 largest financial institutions operating in the United States. In 2012, we used a similar format to study the top 12 financial institutions. In 2013, we further expanded our scope to include 36 of the top 50 financial institutions (the other 14 did not provide Pew with account information when requested) and changed the format, adopting a rating system based on best and good practices—as derived from Pew's policy recommendations for checking account disclosure, overdraft, and dispute resolution policies.

This new report retains the rating system and evaluates the practices of 44 of the 50 largest retail banks that made their account information available. These institutions hold approximately 65 percent of all domestic deposits. Like the 2013 report, Pew's Model Summary Disclosure Box for Checking Accounts (see page 6) served as the template for rating each bank's disclosure documents as a best or good disclosure practice. We used each bank's account agreement and other supplemental documents to determine whether the bank engaged in best or good practices for overdraft and dispute resolution.

Pew defines best practices as disclosed terms that are the most effective in:

- Providing checking accountholders with clear and concise disclosure about fees and terms.
- Reducing the incidence of overdrafts and eliminating practices that maximize overdraft fees.
- Offering consumers a meaningful option to resolve a problem with their bank in court or by choosing arbitration rather than requiring consumers to agree before a dispute arises to go through the arbitration process.

Good practices are those described in bank disclosures that provide some protection to consumers in these areas but are not as expansive or effective as best practices. Depending on the practices and policies of each bank, it could be deemed to engage in both best and good practices in any of the three areas under review.

Our 2014 findings

Pew's series of checking account reports, along with the adoption of our summary disclosure box and the establishment in 2011 of the Consumer Financial Protection Bureau, has led to improvements in the market. Our latest report shows that many bank practices have improved since our last analysis, particularly those related to disclosure and overdraft. But the report also reveals the need for continued action from the Consumer Financial Protection Bureau, especially with respect to overdraft protection and dispute resolution, to ensure banks offer the highest level of consumer protection. We detail these improvements and concerns with bank disclosure and dispute resolution policies in the main pages of this report, but here is a summary of our key findings:

Increased use of summary disclosure boxes

Since our last report, more banks have adopted a summary disclosure box that meets Pew's criteria to highlight key terms, 43 percent in 2014, compared with 22 percent in 2013. In fact, 26 banks and credit unions have worked with Pew to voluntarily adopt a model disclosure box for checking accounts, covering approximately 45 percent of deposits in the United States. At least six other banks have adopted a summary disclosure box that meets all of Pew's criteria on their own. Looking only at banks surveyed in both studies, the percentage of those adopting a summary disclosure box is 54 percent in 2014, compared with 23 percent in 2013.

Improved presentation of disclosure documents

Many banks have independently adopted a disclosure document that attempts to summarize their checking account policies but does not meet all of Pew's standards. Some disclosure practices, such as identifying key overdraft information and fees, have universally improved, in large part due to the adoption of these summary disclosures.

More banks are making their disclosures available online

More banks make their account agreements and fee schedules available online than did in our 2013 study. For this report, 12 banks did not make their information available online and of these, six did not provide all the documents by mail or email when requested by Pew staff. In our earlier survey, 20 banks did not provide their disclosures online and 14 did not make them available when requested.

Little change in the number of banks that prohibit ATM overdrafts

The percentage of banks we studied that disclose they deny ATM withdrawals that would overdraw a checking account is virtually unchanged: 20 percent in 2014 compared with 19 percent in 2013. When limiting the review to the banks in both our 2014 and 2013 reports, the difference is 23 percent in 2014 vs. 20 percent in 2013. While the shift in the number of banks preventing ATM overdrafts remains fairly small—approximately 1 in 5 in 2013 and approximately 1 in 4 in 2014—the impact on customers banking at institutions that have adopted this practice can be significant.

Harmful 'high-to-low' transaction reordering remains a problem

The percentage of studied banks that do not reorder transactions from high to low, which has the potential to increase a consumer's overdraft fees, is virtually unchanged from last year. In 2014, 50 percent of banks abstain from this harmful practice. In 2013, it was 47 percent. Limiting this comparison to banks in both our 2014 and 2013 reports, the percentage abandoning this practice has grown by two banks, raising the share from 46 percent in 2013 to 51 percent in 2014.

Detrimental overdraft practices remain

Some overdraft practices have improved, such as including a threshold amount before an overdraft fee is charged and limiting the number of overdraft fees a consumer can incur in one day. Yet the same number of banks allow consumers to overdraw their accounts with their debit card at the cash register. And more banks are charging extended overdraft fees, which are incurred when the consumer does not pay back an overdraft loan and the fee within a certain number of days, usually five.

Rise in mandatory binding arbitration

More of the studied banks now include mandatory binding arbitration agreements, 70 percent in 2014 vs. 58 percent in 2013. In limiting the review to the banks in both our 2014 and 2013 reports, 69 percent include them in 2014 compared with 60 percent in 2013.

Dispute resolution policies remain a concern

More banks have included additional limitations on dispute resolution options, such as requiring customers to waive their right to join a class-action suit. But fewer banks have "loss, costs, and expenses" clauses, which require customers to reimburse the bank's loss, costs, and expenses should the customer pursue a dispute, no matter the outcome of the case.

Pew policy recommendations

Consumers need a minimum level of protection when it comes to a product that is as fundamental to personal financial management as a checking account. In fact, we have identified only one financial institution of those studied this year, Ally Bank, which has met all of our best and good practice criteria. The Consumer Financial Protection Bureau has begun to examine two of the three issues that are integral to this product—overdraft services and dispute resolution policies. We urge the bureau to continue to move forward on these issues by proposing rules that adhere to Pew's policy recommendations and require financial institutions to:

- Post deposits and withdrawals in a fully disclosed, objective, and neutral manner that does not maximize overdraft fees.
- Make overdraft penalty fees reasonable and proportional to the financial institutions' costs in providing the overdraft loan.
- Eliminate pre-dispute mandatory binding arbitration clauses in checking account agreements that prevent accountholders from accessing courts to challenge unfair and deceptive practices or other legal violations.
- Summarize key information about terms and fees in a concise, uniform format.
- Provide accountholders with clear, comprehensive terms and pricing information for all available overdraft options.

Disclosure policies

Pew policy recommendations

The Consumer Financial Protection Bureau or Congress should:

- Require depository institutions to provide information about checking account terms, conditions, and fees in a uniform, concise, easy-to-read format that would be available online and in financial institutions' branches.
- Require depository institutions to provide accountholders with clear, comprehensive terms and pricing information for all available overdraft options when a customer is considering opting in to a plan.

Disclosure overview

In our latest data collection, the median length of disclosure for checking account agreements and fee schedules is 44 pages. This number does not include all addenda to these agreements or other extraneous documents. Our research has shown that consumers do not read these documents.[3]

Many banks have come to understand the importance of transparency for such a fundamental product. Twenty-six banks and credit unions had worked with Pew to adopt a model disclosure box (see Figure 1) as of January 2014, including nine of the 12 largest banks and the three largest credit unions, covering 45 percent of domestic deposit volume. Of the 44 banks included in this study, 28 make disclosure boxes available to their customers, 19 of which meet our criteria. Most worked with Pew to design this document, but some developed strong disclosure boxes independently. It is clear that this improvement is not just an artifact of studying a different subset of banks. When limiting the review to the banks in both our 2013 and 2014 reports, the number of complete summary disclosure box adopters increased from 23 percent previously to 54 percent in this report.

In our most recent data collection, we found that 15 banks had adopted a summary disclosure box without contacting us. Six of the 15 boxes met the standards Pew established in its model, while the remaining nine were incomplete to varying degrees. Our best practice in this category continues to be the adoption of a disclosure box that meets all of Pew's requirements, but we added a good practice for those banks that attempted to adopt a simplified, if incomplete, summary of their disclosures.

Figure 1

Pew's Model Disclosure Box for Checking Accounts

Basic Terms and Conditions

Account Opening and Usage		Minimum Deposit Needed to Open Account	$ ____	
		Monthly Fee	$ ____	
		Requirements to Waive Monthly Fee	$ ____	*Minimum combined account balance, direct deposit, or other conditions*
		Interest-Bearing	**Yes/No**	
		ATM Fees	$ ____ $ ____	for using an ATM in your institution's ATM network for using an ATM outside of your institution's ATM network
		Non-Sufficient Funds (NSF) Fee	$ ____	per declined transaction made against insufficient funds
		Deposited Item Returned Fee	$ ____	for each item that you deposit that is rejected because the payer did not have enough money in their account
		Stop Payment Fee	$ ____	per item to stop payment for up to X months
		Account Closing Fee	$ ____	if account closed within Y days of opening
		Other Service Fees	$ ____	Please consult the back of this document for a list of additional service fees.
Overdraft Options for Consumers with Debit Cards	**Option A: (Default)**	No Overdraft Service		If you choose not to opt in to any kind of overdraft service, transactions that would cause an overdraft will be declined at no cost to you.
	Option B: Overdraft Transfer Plan	Overdraft Transfer Fee	$ ____	per overdraft covered by a transfer from a linked savings account, line of credit, or credit card
	Option C: Overdraft Penalty Plan	Overdraft Penalty Fee	$ ____	per overdraft covered by an advance from your financial institution
		Maximum Number of Overdraft Penalty Fees per Day	$ ____	You will only be charged this number of overdraft penalty fees per day, even if we elect to cover additional overdrafts.
		Minimum Amount Required to Trigger an Overdraft Penalty Fee	$ ____	If you are overdrawn by this amount or less, you will not incur an overdraft penalty fee.
		Extended Overdraft Penalty Fee	$ ____	charged every X day the account is overdrawn, starting Y days after the account is first overdrawn
Processing Policies		Posting Order *The order in which withdrawals and deposits are processed*		*Summary of policy*
		Deposit Hold Policy *When funds deposited to your account are available*		• Cash deposit with teller: X business day • Cash deposit at ATM: X business day • Check deposit with Teller: X business day • Check deposit at ATM: X business day • Direct deposit: X business day • Wire transfer: X business day • If something causes a longer hold on a deposit, the first $200 of that deposit will be made available either the same business day or the next business day. • Funds from non-bank checks may take an extra business day to become available. *A "business day" is a non-holiday weekday. The end of a "business day" varies by financial institution and by branch. At branches, business days end no earlier than Y. p.m. and at ATMs business days end no earlier than Z p.m.*
Dispute Resolution		Dispute Resolution Agreement		*Summary of agreement*

Disclosure best practice

Summary disclosure box adopted

Pew defines a best practice for disclosures as the adoption of a summary disclosure box that clearly and concisely lays out key fees, terms, and conditions for checking accounts. Financial institutions are not required to work with Pew to earn this designation, but their disclosures must include the following:

- Overdraft language that makes it clear that by default ATM and point-of-sale overdrafts are not permitted and will be declined at no cost to the accountholder unless the consumer elects otherwise.
- Alternatives to overdraft penalty service are clearly defined, such as an overdraft transfer service and not electing overdraft service.
- Extended overdraft fees, including their costs and terms, are clearly disclosed even if that fee is not charged by a particular bank to help consumers easily compare accounts.
- The order in which a bank posts debits and credits to an account is clearly delineated.
- The regulatory requirement that at least the first $200 of any deposit will be made available to the consumer on the second business day if a deposit is held for a longer period is clearly outlined.
- A disclosure box design that presents this information in a clear, concise manner that is consistent with the design of Pew's model.

> Twenty-six banks and credit unions have worked with Pew to adopt a model disclosure box ... including nine of the 12 largest banks and the three largest credit unions.

The following banks have adopted a box that meets Pew's clear disclosure criteria. Those that are in bold and listed first met this best practice requirement in our previous report as well.[4]

Bank of America
Capital One Bank
Citibank
Fifth Third Bank
JPMorgan Chase Bank
TD Bank
Webster Bank
Wells Fargo Bank
Ally Bank
BB&T
BBVA Compass Bank
Comerica Bank
First Niagara Bank
First Tennessee Bank
PNC Bank
RBS Citizens
Sovereign/Santander Bank
SunTrust Bank
Union Bank

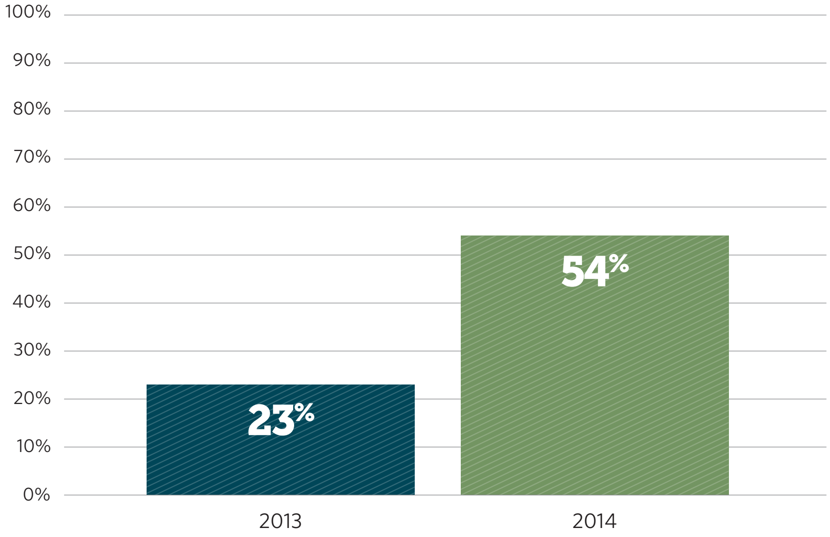
Bold = designated for this practice in 2013 and 2014

When limiting the scope to banks in both this and Pew's previous study, the percentage of adopters has increased significantly. (See Figure 2.)

Figure 2

Percentage of Banks That Have Adopted a Complete Summary Disclosure Box, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

Disclosure good practices

Summary disclosure box attempted

Several banks have developed and offer summary disclosure boxes without input from Pew that do not meet all of our clear disclosure criteria. These summary disclosures can be helpful by providing additional transparency to checking account holders even though they do not fully meet all of our standards. To reflect these efforts, Pew added a new good disclosure practice category to recognize the following banks. To avoid penalizing banks with more complete disclosure boxes, those that received the summary disclosure box best practice designation (shown as underlined text) automatically receive this good practice.

Ally Bank
Bank of America
BB&T
BBVA Compass Bank
BMO Harris Bank
Capital One Bank
Charles Schwab Bank
Citibank
Comerica Bank
Everbank
Fifth Third Bank
First Niagara Bank
First Tennessee Bank
Frost Bank
HSBC
JPMorgan Chase Bank
KeyBank
PNC Bank
RBS Citizens
Regions Bank
Sovereign/Santander Bank
SunTrust Bank
TCF National Bank
TD Bank
U.S. Bank
Union Bank
Webster Bank
Wells Fargo Bank

Underlined = designated for best and therefore included as good practice

Overdraft default option identified

In August 2010, the Federal Reserve implemented new rules requiring that consumers affirmatively choose or "opt in" to overdraft coverage when using their debit card at an ATM or point-of-sale. Under the rules, if a consumer does not opt in, then any transaction that might overdraw his or her account would be declined. Yet Pew survey research in 2012 found that 54 percent of consumers who had overdrawn their checking account in the last year with their debit card did not think they had opted in to this service. For this reason, it is critical that consumers understand that doing nothing means that they cannot overdraw their account at an ATM or point-of-sale and therefore will not be subject to high penalty fees.

> If a consumer does not opt in, then any debit card transaction that might overdraw his or her account would be declined. Yet Pew survey research in 2012 found that 54 percent of consumers who had overdrawn their checking account did not think they had opted in.

The following banks engage in the good disclosure practice of clearly labeling no overdraft service as the default option for debit point-of-sale and ATM transactions. Also included are those banks that have adopted Pew's disclosure box or do not charge a fee for debit overdraft (shown as underlined text), since earning these best practices also qualifies banks for this good practice designation. Those that are in bold and listed first also met this best practice requirement in our previous report.[5]

Ally Bank
Bank of America
Capital One Bank
Charles Schwab Bank
Citibank
City National Bank
Fifth Third Bank
First Republic Bank
JPMorgan Chase Bank
OneWest Bank
SunTrust Bank
TCF National Bank
TD Bank
USAA Federal Savings Bank
Webster Bank
Wells Fargo Bank
BB&T
BBVA Compass Bank
Comerica Bank
EverBank
First Niagara Bank
First Tennessee Bank
PNC Bank
RBS Citizens
Sovereign/Santander Bank
Union Bank

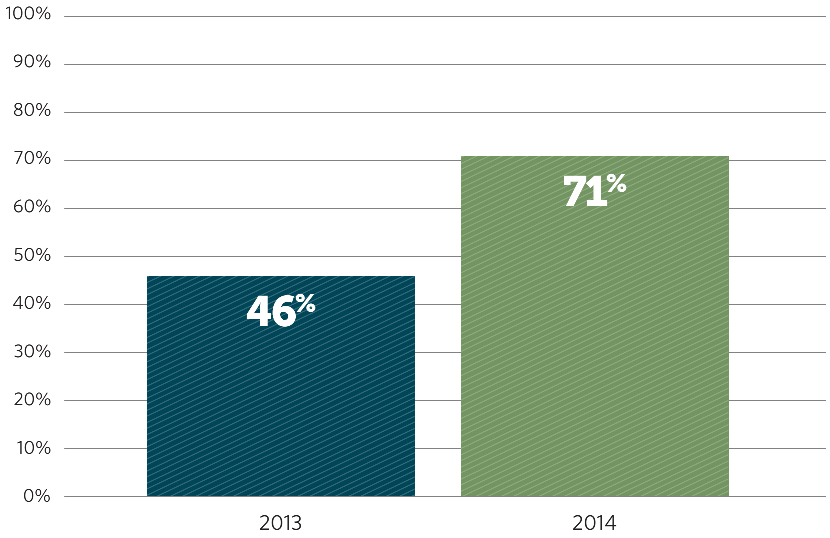
Bold = designated for this practice in 2013 and 2014
Underlined = designated for best and therefore included as good practice

When limiting the scope to banks in both this and Pew's previous study, the percentage of banks clearly identifying the overdraft default option has increased significantly. (See Figure 3.)

Figure 3

Percentage of Banks That Clearly Identify the Overdraft Default Option, Have Adopted Pew's Disclosure Best Practice, or Do Not Charge a Debit Overdraft Fee, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

Overdraft penalty fee amount disclosed

When consumers opt in to an overdraft penalty plan and overdraw their account, thus in effect taking out a short-term loan, their financial institution will charge an overdraft penalty fee. An overdraft penalty is the most expensive form of overdraft, with a $35 median fee among the banks studied. Because consumers are required to affirmatively opt in to this service, it's vital that they know the cost should they overdraw their account. Clear and easily accessible disclosure of this fee and its terms allows consumers to make an informed choice regarding the type of overdraft coverage, if any, they prefer.

> An overdraft penalty is the most expensive form of overdraft, with a $35 median fee among the banks studied.

Every bank studied in this report provides overdraft penalty fee information in a form that is easy for consumers to find or does not charge a penalty overdraft fee. Those that are in bold and listed first met this good practice requirement in our previous report as well.[6] Those shown as underlined text received the best practice disclosure designation and were automatically credited for this good practice.

Ally Bank
Associated Bank
Bank of America
Bank of the West
BB&T
BBVA Compass Bank
Capital One Bank
Charles Schwab Bank
Citibank
City National Bank
Comerica Bank
Commerce Bank
Fifth Third Bank
First Republic Bank
First Tennessee Bank
Frost Bank
HSBC
JPMorgan Chase Bank
KeyBank
PNC Bank
RBS Citizens
Signature Bank
Sovereign/Santander Bank
SunTrust Bank
Susquehanna Bank
TCF National Bank
TD Bank
U.S. Bank
Union Bank
Webster Bank
Wells Fargo Bank
Zions First National Bank
BMO Harris Bank
BOKF
EverBank
First Citizens Bank
First Niagara Bank
FirstMerit Bank
Huntington Bank
M&T Bank
New York Community Bank
OneWest Bank
Regions Bank
USAA Federal Savings Bank

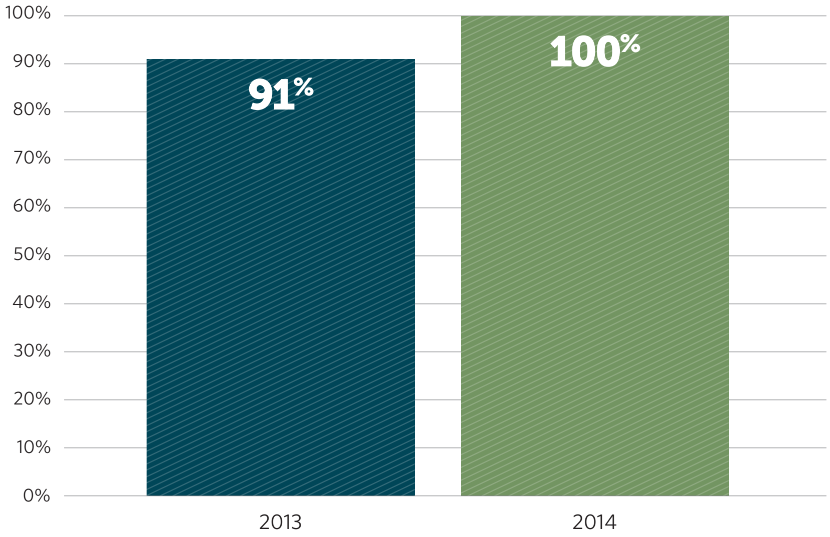
Bold = designated for this practice in 2013 and 2014
Underlined = designated for best and therefore included as good practice

When limiting the scope to banks in both this and Pew's previous study, the percentage of banks clearly disclosing this information has increased. (See Figure 4.)

Figure 4

Percentage of Banks That Clearly Identify the Overdraft Penalty Fee, Have Adopted Pew's Disclosure Best Practice, or Do Not Charge a Debit Overdraft Fee, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

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Overdraft transfer fee amount disclosed

An overdraft transfer service, which links funds from a consumer's savings account, line of credit, or credit card to their checking account, is offered by most of the banks studied. Our data show this service continues to be significantly cheaper than overdraft penalty service, with a median fee of $10 among the banks studied. While consumers often need to apply to the bank to obtain this overdraft transfer service, cheaper fees make it much more economical than an overdraft penalty service. Without clear disclosure of this fee and its terms, consumers may not be aware of an overdraft option that is considerably less expensive than penalty service.

> [Overdraft transfer] service continues to be significantly cheaper than overdraft penalty service, with a median fee of $10 among the banks studied...

For this reason, Pew identified clear disclosure of the overdraft transfer fee as a good practice, which the following banks provide. Also included are those banks that have adopted the disclosure box (shown as underlined text) or do not charge any overdraft fees, since earning these best practices also qualifies banks for this good practice designation. Those that are in bold and listed first also met this best practice requirement in our previous report.[7]

- **Associated Bank**
- **Bank of America**
- **Bank of the West**
- **BB&T**
- **BBVA Compass Bank**
- **Capital One Bank**
- **Charles Schwab Bank**
- **Citibank**
- **City National Bank**
- **Comerica Bank**
- **Commerce Bank**
- **Fifth Third Bank**
- **First Republic Bank**
- **Frost Bank**
- **JPMorgan Chase Bank**
- **PNC Bank**
- **RBS Citizens**
- **Sovereign/Santander Bank**
- **SunTrust Bank**
- **Susquehanna Bank**
- **TCF National Bank**
- **TD Bank**
- **U.S. Bank**
- **Webster Bank**
- **Wells Fargo Bank**
- **Zions First National Bank**
- Ally Bank
- BMO Harris Bank
- BOKF
- EverBank
- First Citizens Bank
- First Niagara Bank
- First Tennessee Bank
- FirstMerit Bank
- Huntington Bank
- KeyBank
- New York Community Bank
- Regions Bank
- Union Bank

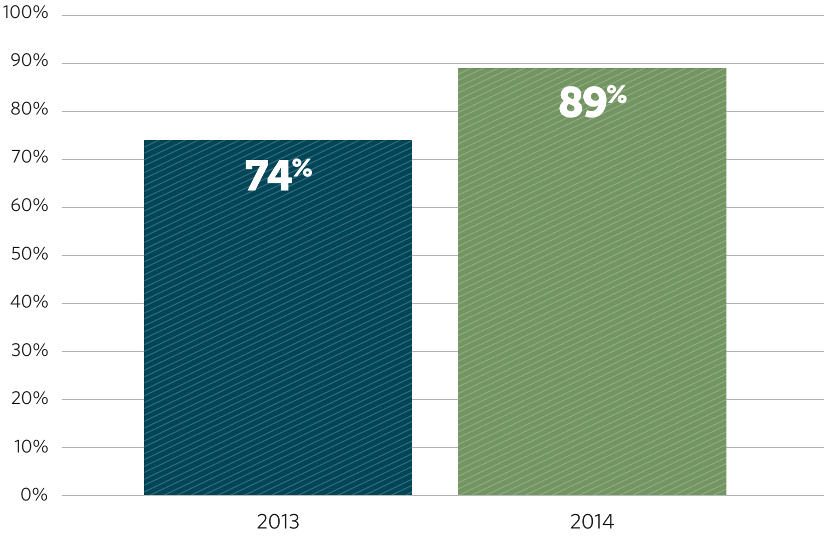
Bold = designated for this practice in 2013 and 2014
Underlined = designated for best and therefore included as good practice

When limiting the scope to banks in both this and Pew's previous study, the percentage of banks clearly disclosing this information has increased. (See Figure 5.)

Figure 5

Percentage of Banks That Clearly Identify the Overdraft Transfer Fee, Have Adopted Pew's Disclosure Best Practice, or Do Not Charge a Debit Overdraft Fee, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

Processing and posting order

An example of language used to describe processing and posting order

> The Bank processes and posts all Withdrawal Requests received on any given Business Day at the end of such Business Day. Withdrawal Requests received on a non- Business Day are processed and posted at the end of the next Business Day. The Bank may process and post Withdrawal Requests in any order the Bank chooses, unless a particular order is either specifically required or specifically prohibited (by express language requiring or prohibiting such processing order) by applicable law. The order in which you make Withdrawal Requests from your Account on any given day may not be the same as the order in which we process and post such Withdrawal Requests to your Account. The Bank may choose a payment processing order even if such a payment processing order results in the creation of a larger number of overdrafts and/or returned transactions, as well as any related fees, than would result through use of a different payment processing order.

Source: Associated Bank Account Agreement

Summary of bank disclosure best and good practices

Figure 6 summarizes Pew's findings with regard to disclosure practices. Banks are ranked by the total number of best and good practices. Banks with identical ratings are listed alphabetically.

Figure 6

Overview of Bank Disclosure Best and Good Practices, 2014

Banks ordered by number of best then good practices, and alphabetically when tied

Bank name	Disclosure					Total best practices (out of 1)	Total good practices (out of 4)
	Best practices	Good practices					
	Adoption of a summary disclosure box that meets Pew's criteria	Attempts a summary disclosure box but missing key information	Identifies the overdraft default option	Overdraft penalty fee amount disclosed	Overdraft transfer fee amount disclosed		
Ally Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
Bank of America	★	✔	✔	✔	✔	★ = 1	✔ = 4
BB&T	★	✔	✔	✔	✔	★ = 1	✔ = 4
BBVA Compass Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
Capital One Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
Citibank	★	✔	✔	✔	✔	★ = 1	✔ = 4
Comerica Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
Fifth Third Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
First Niagara Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
First Tennessee Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
JPMorgan Chase Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
PNC Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
RBS Citizens	★	✔	✔	✔	✔	★ = 1	✔ = 4
Sovereign/Santander Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
SunTrust Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
TD Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
Union Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
Webster Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
Wells Fargo Bank	★	✔	✔	✔	✔	★ = 1	✔ = 4
Charles Schwab Bank	☆	✔	✔	✔	✔	★ = 0	✔ = 4
EverBank	☆	✔	✔	✔	✔	★ = 0	✔ = 4
TCF National Bank	☆	✔	✔	✔	✔	★ = 0	✔ = 4
BMO Harris Bank	☆	✔	✓	✔	✔	★ = 0	✔ = 3
City National Bank	☆	✓	✔	✔	✔	★ = 0	✔ = 3

Continued on next page

Bank name	Disclosure					Total best practices (out of 1)	Total good practices (out of 4)
	Best practices	Good practices					
	Adoption of a summary disclosure box that meets Pew's criteria	Attempts a summary disclosure box but missing key information	Identifies the overdraft default option	Overdraft penalty fee amount disclosed	Overdraft transfer fee amount disclosed		
First Republic Bank	☆	✓	✔	✔	✔	★ = 0	✔ = 3
Frost Bank	☆	✔	✓	✔	✔	★ = 0	✔ = 3
KeyBank	☆	✔	✓	✔	✔	★ = 0	✔ = 3
Regions Bank	☆	✔	✓	✔	✔	★ = 0	✔ = 3
U.S. Bank	☆	✔	✓	✔	✔	★ = 0	✔ = 3
Associated Bank	☆	✓	✓	✔	✔	★ = 0	✔ = 2
Bank of the West	☆	✓	✓	✔	✔	★ = 0	✔ = 2
BOKF	☆	✓	✓	✔	✔	★ = 0	✔ = 2
Commerce Bank	☆	✓	✓	✔	✔	★ = 0	✔ = 2
First Citizens Bank	☆	✓	✓	✔	✔	★ = 0	✔ = 2
FirstMerit Bank	☆	✓	✓	✔	✔	★ = 0	✔ = 2
HSBC	☆	✔	✓	✔	✓	★ = 0	✔ = 2
Huntington Bank	☆	✓	✓	✔	✔	★ = 0	✔ = 2
New York Community Bank	☆	✓	✓	✔	✔	★ = 0	✔ = 2
OneWest Bank	☆	✓	✔	✔	✓	★ = 0	✔ = 2
Susquehanna Bank	☆	✓	✓	✔	✔	★ = 0	✔ = 2
USAA Federal Savings Bank	☆	✓	✔	✔	✓	★ = 0	✔ = 2
Zions First National Bank	☆	✓	✓	✔	✔	★ = 0	✔ = 2
M&T Bank	☆	✓	✓	✔	✓	★ = 0	✔ = 1
Signature Bank	☆	✓	✓	✔	✓	★ = 0	✔ = 1
Banco Popular de Puerto Rico	✕	✕	✕	✕	✕	N/A	N/A
East West Bank	✕	✕	✕	✕	✕	N/A	N/A
Hudson City Savings Bank	✕	✕	✕	✕	✕	N/A	N/A
People's United Bank	✕	✕	✕	✕	✕	N/A	N/A
Prosperity Bank	✕	✕	✕	✕	✕	N/A	N/A
Synovus Bank	✕	✕	✕	✕	✕	N/A	N/A

★ Engages in this best practice ☆ Does not engage in this best practice ✔ Engages in this good practice ✓ Does not engage in this good practice ✕ No response

Source: The Pew Charitable Trusts

Overdraft policies

Pew policy recommendations

The Consumer Financial Protection Bureau or Congress should:

- Require that overdraft penalty fees be reasonable and proportional to the institution's costs in providing the overdraft loan or to the size of the violation.
- Require depository institutions to post deposits and withdrawals in a fully disclosed, objective, and neutral manner, such as in chronological order, which does not maximize overdraft fees.

Overdraft overview

U.S. consumers paid $32 billion in overdraft penalty fees in 2012, the last year for which complete data are available.[8] And much research has shown that at the accountholder level these fees can snowball and put the account in jeopardy. Pew's research among low-income Hispanic households in the Los Angeles area, for example, shows that these fees can push consumers out of the banking system.[9] And, according to the Federal Deposit Insurance Corporation's *2011 National Survey of Unbanked and Underbanked Households*:

> Recently unbanked households were more likely than others to cite fees as an obstacle: more than one in ten (11.1 percent) households that had a bank account in the last year were currently unbanked because of high fees and balance requirements.[10]

In June 2013, the Consumer Financial Protection Bureau released a study of overdraft programs. The bureau found that of the banks it studied, those that had a higher share of heavy users of overdraft (more than 10 insufficient funds or overdraft transactions in 2011) also had higher rates of involuntary account closure.[11] In addition, banks with the lowest shares of heavy users of overdraft tended to have the lowest rates of involuntary closure. The whitepaper also showed that of the banks in the study, overdraft fees represented approximately 61 percent of the fee revenue generated by consumer checking accounts.[12]

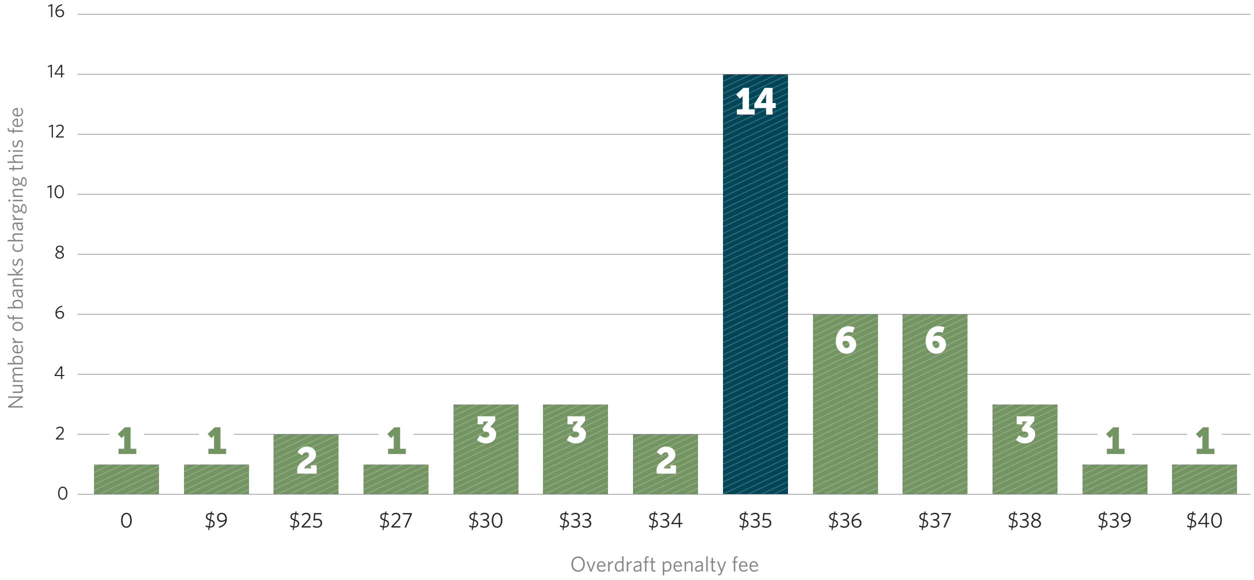
Another important factor affecting the rate of overdrawn accounts is the method the bank uses to process transactions. Many banks are maximizing the number of times an account is overdrawn by reordering transactions to reduce the account balance as quickly as possible, so that each small transaction will incur an overdraft fee.

In Pew's previous report, we found that most banks' overdraft penalty fee was between $30 and $40, with a median of $35. In the latest data collection, the size of the fee has become more uniform, with most of the banks charging between $35 and $37, with a median of $35. Previously, we found 13 banks charged $35 per overdraft; in this report, the number of banks charging $35 has increased to 14. (See Figure 7.)

Figure 7

Distribution of Bank Overdraft Penalty Fees, 2014

Most large banks charge between $35 and $37



Source: The Pew Charitable Trusts

Overdraft best practices

In its overdraft whitepaper, the Consumer Financial Protection Bureau notes the disparity of outcomes among the banks studied on the proportion of customers who affirmatively opted in to overdraft penalty service. The report surmises that the differences in overdraft outcomes are based in part on bank policies and practices promoting this product:

> At some institutions, only a small fraction of new accountholders elected to opt in. At others, a much greater percentage elected to do so. This suggests that institutions are describing or selling overdraft options differently to new customers. Similarly, the remarkable variation in opt-in rates among existing customers in 2010 who had been heavy overdrafters may reflect known differences in marketing approaches.[13]

Given the demonstrated detrimental effects of overdraft service, particularly for those who overdraw their checking accounts with their debit card, as well as the wide variation of bank practices with regard to this product, Pew has determined that those bank practices that most effectively limit overdrafts as well as ensure that the processing of payments or withdrawals do not result in additional overdraft fees are best practices.

No ATM overdrafts

The following banks decline ATM overdrafts or do not charge a fee for overdrawing an account, ensuring that their customers will not be charged a fee for generating a negative account balance. Those that are in bold and listed first met this best practice requirement in our 2013 report as well.[14]

Ally Bank
Charles Schwab Bank
Citibank
City National Bank
First Republic Bank
OneWest Bank
USAA Federal Savings Bank
EverBank
JPMorgan Chase Bank
New York Community Bank

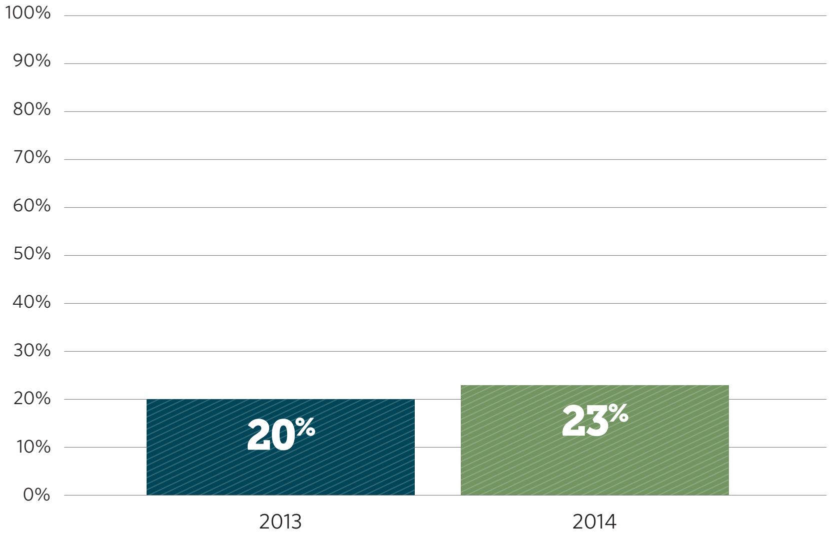
Bold = designated for this practice in 2013 and 2014

When limiting the scope to banks in both this and Pew's previous study, the percentage of banks disclosing that they do not allow overdrafts at the ATM has increased marginally. The chart below makes this comparison.

Figure 8

Percentage of Banks That Do Not Allow ATM Overdrafts, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

No debit point-of-sale overdrafts

The following banks decline point-of-sale debit overdrafts or do not charge a fee for overdrawing an account, ensuring that their customers will not be charged for generating a negative account balance with these transactions. Those that are in bold also met this best practice requirement in our 2013 report.

- **Ally Bank**
- **Bank of America**
- **Charles Schwab Bank**
- **Citibank**
- **City National Bank**
- **First Republic Bank**
- **OneWest Bank**
- **USAA Federal Savings Bank**
- EverBank

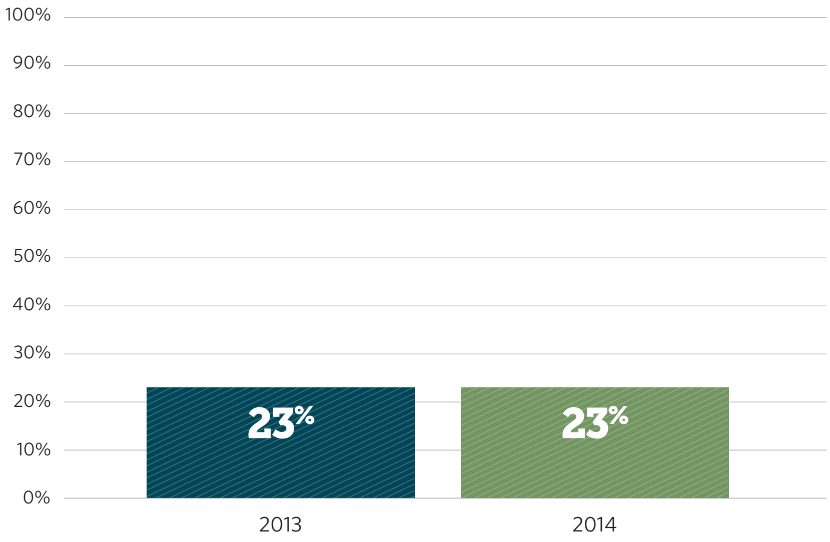
Bold = designated for this practice in 2013 and 2014

When limiting the scope to banks in both this and Pew's previous study, the percentage of banks not allowing point-of-sale overdrafts is unchanged. (See Figure 9.) For an example of how allowing ATM and point-of-sale overdrafts affects consumers, see Figure 10.

Figure 9

Percentage of Banks That Do Not Allow Point-of-Sale Overdrafts, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

Figure 10

Impact of ATM and Point-of-Sale Overdraft

A hypothetical set of transactions

Does not allow ATM or POS overdraft

Transaction Description	Amount	Balance
Beginning Balance		**$300.00**
Attempted ATM Withdrawal	-$320.00	(-$20.00)
ATM Declined	$320.00	$300.00
Attempted POS Purchase	-$320.00	(-$20.00)
POS Declined	$320.00	$300.00
ATM Withdrawal	-$60.00	$240.00
POS Purchase	-$60.00	$180.00
ATM Withdrawal	-$40.00	$140.00
POS Purchase	-$40.00	$100.00
ATM Withdrawal	-$20.00	$80.00
POS Purchase	-$20.00	$60.00
ATM Withdrawal	-$20.00	$40.00
POS Purchase	-$20.00	**$20.00**
POS Overdrafts	0	
ATM Overdrafts	0	

A customer at a bank with these practices would incur $0 in fees.

Allows ATM and POS overdraft

Transaction Description	Amount	Balance	Fee
Beginning Balance		**$300.00**	
ATM Withdrawal	-$320.00	-$20.00	**ATM Overdraft Fee**
POS Purchase	-$320.00	-$340.00	**POS Overdraft Fee**
ATM Withdrawal	-$60.00	-$400.00	**ATM Overdraft Fee**
POS Purchase	-$60.00	-$460.00	**POS Overdraft Fee**
ATM Withdrawal	-$40.00	-$500.00	**ATM Overdraft Fee**
POS Purchase	-$40.00	-$540.00	**POS Overdraft Fee**
ATM Withdrawal	-$20.00	-$560.00	**ATM Overdraft Fee**
POS Purchase	-$20.00	-$580.00	**POS Overdraft Fee**
ATM Withdrawal	-$20.00	-$600.00	**ATM Overdraft Fee**
POS Purchase	-$20.00	**-$620.00**	**POS Overdraft Fee**
POS Overdrafts	5		
ATM Overdrafts	5		

The median overdraft fee is $35, meaning a customer at a bank with these practices would incur $350 in fees.

No reordering of transaction from high-to-low dollar amount

Banks can maximize the number of overdrafts charged by processing transactions from largest to smallest, rather than in chronological order or from smallest to largest. The banks below do not engage in the practice of posting debits from highest-to-lowest dollar amount or do not charge for any overdrafts. Those that are in bold and listed first met this best practice requirement in our 2013 report as well.[15]

- **Ally Bank**
- **Associated Bank**
- **Bank of the West**
- **BB&T**
- **Charles Schwab Bank**
- **Citibank**
- **City National Bank**
- **First Republic Bank**
- **Frost Bank**
- **HSBC**
- **OneWest Bank**
- **Signature Bank**
- **Susquehanna Bank**
- **U.S. Bank**
- **USAA Federal Savings Bank**
- **Zions First National Bank**
- BBVA Compass Bank
- BMO Harris Bank
- First Citizens Bank
- Huntington Bank
- KeyBank
- M&T Bank

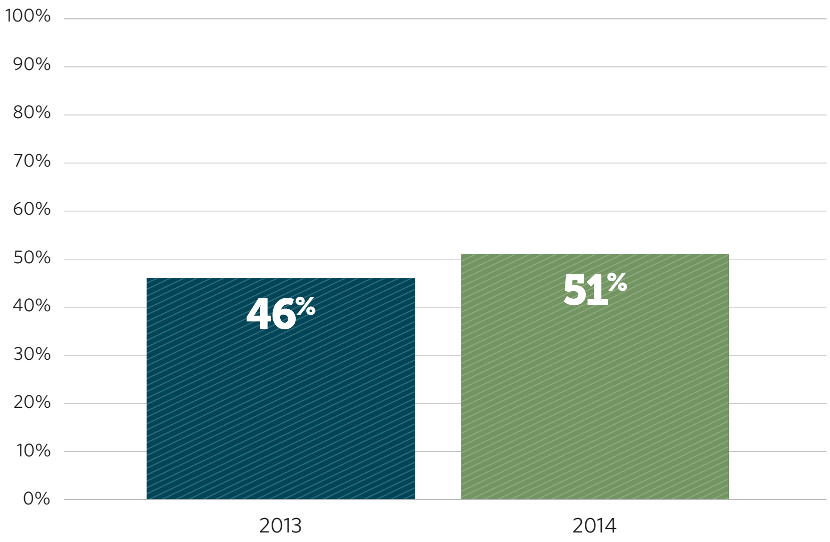
Bold = designated for this practice in 2013 and 2014

When limiting the scope to banks in both this and Pew's previous study, the percentage of banks that do not reorder transactions from high to low has increased moderately. (See Figure 11.) For an example of how high-to-low transaction reordering affects consumers, see Figure 12.

Figure 11

Percentage of Banks That Do Not Reorder Any Transactions From High to Low, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

Figure 12

Impact of High-to-Low Transaction Reordering

A hypothetical set of transactions

Does not allow reordering, transactions listed chronologically

Transaction Description	Amount	Balance	Fee
Beginning Balance		**$150.00**	
ATM Withdrawal	-$20.00	$130.00	
POS Purchase	-$17.23	$112.77	
POS Purchase	-$3.23	$109.54	
POS Return	$17.23	$126.77	
POS Purchase	-$8.10	$118.67	
POS Purchase	-$77.39	$41.28	
Check	-$80.00	**-$38.72**	**Check Overdraft Fee**
Check Overdrafts		1	
POS Overdrafts		0	
ATM Overdrafts		0	

The median overdraft fee is $35, meaning a customer at a bank with this practice would incur **$35 in fees.**

Allows reordering

Transaction Description	Amount	Balance	Fee
Beginning Balance		**$150.00**	
POS Return	$17.23	$167.23	
Check	-$80.00	$87.23	
POS Purchase	-$77.39	$9.84	
ATM Withdrawal	-$20.00	-$10.16	**ATM Overdraft Fee**
POS Purchase	-$17.23	-$27.39	**POS Overdraft Fee**
POS Purchase	-$8.10	-$35.49	**POS Overdraft Fee**
POS Purchase	-$3.23	**-$38.72**	**POS Overdraft Fee**
Check Overdrafts		0	
POS Overdrafts		3	
ATM Overdrafts		1	

The median overdraft fee is $35, meaning a customer at a bank with this practice would incur **$140 in fees.**

> Banks can maximize the number of overdrafts charged by processing transactions from largest to smallest rather than in chronological order or from smallest to largest.

Overdraft good practices

Besides the best practices listed above, banks employ other policies that can limit the impact of overdraft fees. These efforts—such as reordering only certain types of transactions, implementing a threshold amount to trigger an overdraft, and not charging an extended overdraft fee—are helpful in minimizing the incidence of overdrafts but are less effective than the best practices.

In our previous report, we included offering a grace period before charging an overdraft fee as a good practice. We eliminated this category in this study because most banks do not apply overdraft fees until they begin batch processing transactions at the end of the day. In practice, this gives customers until the banks' deposit cutoff times to rectify any negative balances before incurring an overdraft fee. While many banks follow this practice, few clearly disclosed it in their account agreements, making it difficult to identify which institutions deserved credit for it.

Additionally, only one institution, Huntington Bank, disclosed that it offered an overdraft grace period that extended beyond the end-of-the-day batch processing. Because waiting until the end of the day to charge overdraft fees is common but poorly disclosed, eliminating the category has a minimal impact on an institution's rating in this report or when looking at our 2013 study.

Limited reordering of transactions from high-to-low dollar amount

These banks reorder only some withdrawals from high to low, often checks written against the funds in the account. This practice helps to ensure that consumers do not unknowingly overdraw their checking accounts because of bank processing transactions, although it is not as effective as eliminating the high-to-low reordering for all withdrawals. To avoid penalizing banks that never reorder transactions high to low, those that received credit for that best practice are also given credit for this good practice and are shown as underlined text. Those that are in bold also met this best practice requirement in our 2013 report.[16]

Ally Bank
Associated Bank
Bank of the West
BB&T
Charles Schwab Bank
Citibank
City National Bank
Comerica Bank
Fifth Third Bank
First Niagara Bank
First Republic Bank
Frost Bank
HSBC
JPMorgan Chase Bank
OneWest Bank
Signature Bank
Susquehanna Bank
TCF National Bank
U.S. Bank
Union Bank
USAA Federal Savings Bank
Wells Fargo Bank
Zions First National Bank
Bank of America
BBVA Compass Bank
BMO Harris Bank
Capital One Bank
Commerce Bank
EverBank
First Citizens Bank
First Tennessee Bank
FirstMerit Bank
Huntington Bank
KeyBank
M&T Bank
New York Community Bank
PNC Bank
RBS Citizens

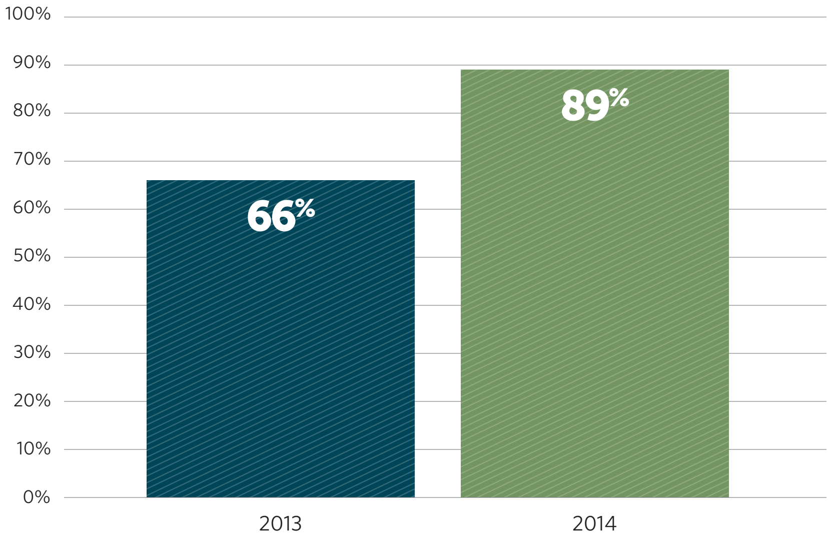
Bold = designated for this practice in 2013 and 2014
Underlined = designated for best and therefore included as good practice

When considering banks only in this and Pew's 2013 study, the percentage of banks that have adopted this practice has increased significantly. (See Figure 13.)

Figure 13

Percentage of Banks With Limited or No High-to-Low Transaction Reordering, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

Threshold amount before triggering an overdraft

This practice ensures that small overdrafts do not incur large fees. It does that by instituting either a minimum amount overdrawn per transaction or a minimum amount overdrawn at the end of the day before a fee is incurred. The median threshold amount for the banks studied is $5. The following banks have instituted this practice. We also gave credit to Charles Schwab Bank (shown as underlined text), since it does not charge for any overdrafts, so the establishment of a threshold does not apply. Those that are in bold met this best practice requirement in our previous report as well.[17]

- **Ally Bank**
- **Bank of the West**
- **BB&T**
- **Capital One Bank**
- **Charles Schwab Bank**
- **City National Bank**
- **Fifth Third Bank**
- **First Tennessee Bank**
- **Frost Bank**
- **HSBC**
- **JPMorgan Chase Bank**
- **OneWest Bank**
- **PNC Bank**
- **SunTrust Bank**
- **TCF National Bank**
- **TD Bank**
- **U.S. Bank**
- **USAA Federal Savings Bank**
- **Webster Bank**
- **Wells Fargo Bank**
- **Zions First National Bank**
- BMO Harris Bank
- First Citizens Bank
- First Niagara Bank
- Huntington Bank
- M&T Bank
- New York Community Bank
- RBS Citizens
- Regions Bank
- Union Bank

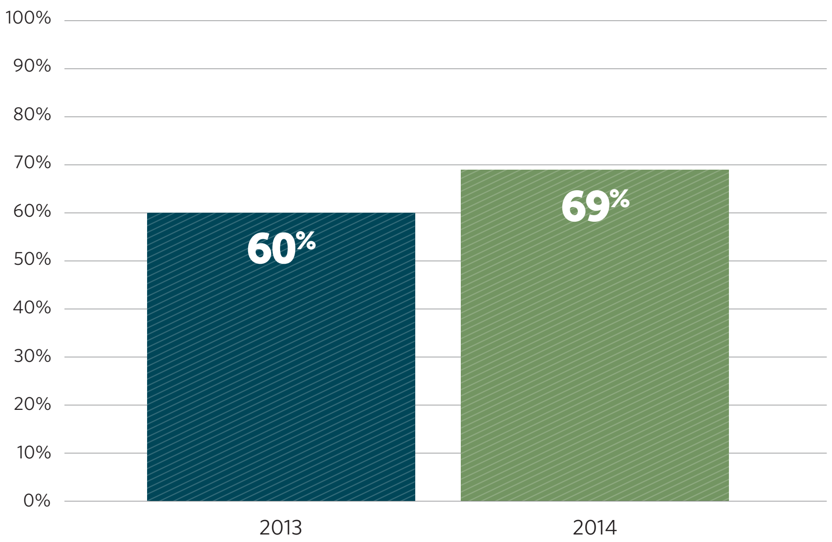
Bold = designated for this practice in 2013 and 2014
Underlined = designated for best and therefore included as good practice

When considering only banks in both this and Pew's previous study, the percentage of banks that have adopted this practice has increased modestly. (See Figure 14.) For an example of how providing a threshold amount affects customers, see Figure 15.

Figure 14

Percentage of Banks With a Threshold Amount or That Do Not Charge an Overdraft Fee, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

Figure 15

Impact of Negative Balance Overdraft Threshold

A hypothetical set of transactions

Has a negative balance threshold		
Transaction Description	Amount	Balance
Beginning Balance		**$0.00**
POS Purchase	-$2.65	-$2.65
POS Purchase	-0.99	**-$3.64**
POS Overdrafts	0	
A customer at a bank with this practice would incur $0 in fees.		

Does not have a negative balance threshold			
Transaction Description	Amount	Balance	Fee
Beginning Balance		**$0.00**	
POS Purchase	-$2.65	-$2.65	**POS Overdraft Fee**
POS Purchase	-0.99	**-$3.64**	**POS Overdraft Fee**
POS Overdrafts	2		
The median overdraft fee is $35, meaning a customer at a bank with this practice would incur $70 in fees.			

No extended overdraft fee

Many banks charge an additional fee when a customer fails to pay the amount overdrawn as well as the overdraft fee, within a certain period. The median extended overdraft fee for the studied banks is $8, a drop from $12.50 in our previous report, and the median number of days before an extended overdraft fee is charged remains five. This decline is mostly driven by the inclusion of additional banks not in our 2013 study that charge a lower extended overdraft fee.

Comparing only the banks examined in both this and Pew's 2013 study, the median fee is $11.50, only $1 less than in our previous investigation, and the median number of days this year and last is five. The banks below have no extended overdraft fee. We also gave credit to Charles Schwab Bank (shown as underlined text), since it does not charge for any overdrafts, so extended overdraft fees do not apply. Those that are in bold also met this best practice requirement in our 2013 report.

- **Ally Bank**
- **BB&T**
- **Capital One Bank**
- **Charles Schwab Bank**
- **Citibank**
- **Commerce Bank**
- **Fifth Third Bank**
- **First Republic Bank**
- **Frost Bank**
- **HSBC**
- **OneWest Bank**
- **Signature Bank**
- **TCF National Bank**
- **USAA Federal Savings Bank**
- **Wells Fargo Bank**
- EverBank
- First Citizens Bank
- New York Community Bank
- Regions Bank

Bold = designated for this practice in 2013 and 2014
Underlined = designated for best and therefore included as good practice

First Niagara Bank, which received credit for not having an extended overdraft fee in our previous study, has since instituted one.

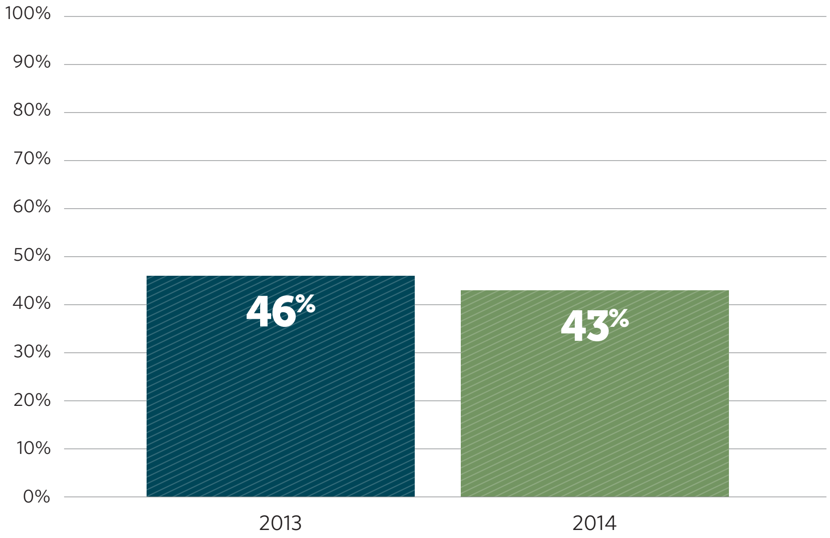
> Comparing only the banks examined in both this and Pew's 2013 study, the median fee for extended overdraft is $11.50, only $1 less than our previous investigation, and the median number of days this year and last is five.

When limiting the scope to banks in both this and Pew's previous study, the percentage of banks that have adopted this practice has declined slightly. (See Figure 16.)

Figure 16

Percentage of Banks Without an Extended or Any Overdraft Fee, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

Limited number of overdraft fees charged per day

Many banks limit the number of overdraft fees a consumer can be charged in one day, preventing these fees from snowballing. Among the banks studied, the median limit on the number of overdraft fees charged per day is four, down from five in our last report.

The following banks limit the number of overdraft fees charged per day. We also gave credit to Charles Schwab Bank (shown as underlined text), since it does not charge for any overdrafts, so the establishment of a limit on the number of overdraft fees charged in a day does not apply. Those that are in bold met this best practice requirement in our previous report as well.[18]

> Among the banks studied, the median limit on the number of overdraft fees charged per day is four, down from five in our last report.

Ally Bank
Bank of America
Bank of the West
BB&T
BBVA Compass Bank
Capital One Bank
Charles Schwab Bank
Citibank
City National Bank
Comerica Bank
Fifth Third Bank
First Niagara Bank
First Tennessee Bank
Frost Bank
HSBC
JPMorgan Chase Bank
KeyBank
OneWest Bank
PNC Bank
SunTrust Bank
TCF National Bank
TD Bank
U.S. Bank
Union Bank
USAA Federal Savings Bank
Webster Bank
Wells Fargo Bank
Zions First National Bank
BMO Harris Bank
EverBank
First Citizens Bank
First Republic Bank
Huntington Bank
M&T Bank
New York Community Bank
RBS Citizens
Regions Bank
Sovereign/Santander Bank

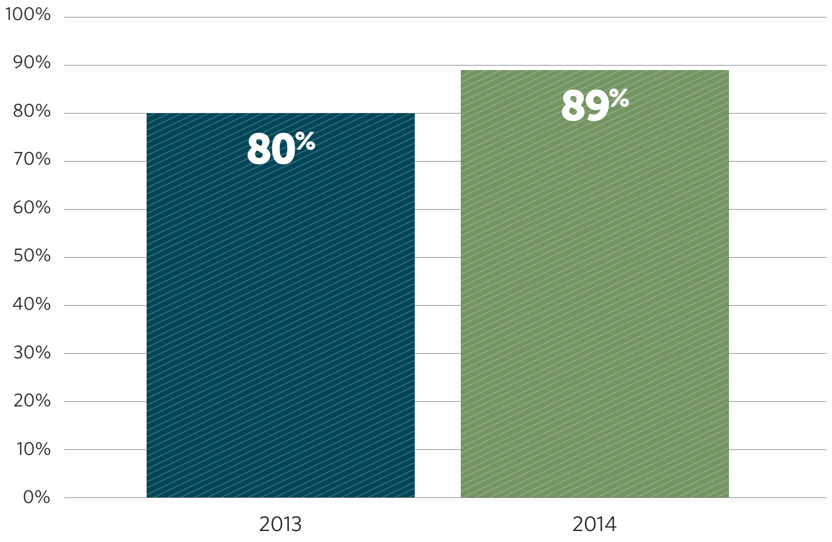
Bold = designated for this practice in 2013 and 2014
Underlined = designated for best and therefore included as good practice

When considering only banks in both this and Pew's previous study, the percentage of banks that have adopted this practice has increased slightly. (See Figure 17.)

Figure 17

Percentage of Banks That Limit the Daily Number of or Do Not Charge Overdraft Fees, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

Summary of bank overdraft best and good practices

Figure 18 summarizes Pew's findings with regard to bank overdraft practices. It rates banks by the total number of best and good practices. Banks that received the same rating are listed alphabetically.

Figure 18

Overview of Bank Overdraft Best and Good Practices, 2014

Banks ordered by number of best then good practices, and alphabetically when tied

Bank name	Overdraft							Total best practices (out of 3)	Total good practices (out of 4)
	Best practices			Good practices					
	No ATM overdrafts	No debit point-of-sale overdrafts	No high-to-low transaction reordering	Limited high-to-low transaction reordering	Threshold amount to trigger an overdraft	No extended overdraft fee	Limited number of overdraft fees per day		
Ally Bank	★	★	★	✓	✓	✓	✓	★ = 3	✓ = 4
Charles Schwab Bank	★	★	★	✓	✓	✓	✓	★ = 3	✓ = 4
OneWest Bank	★	★	★	✓	✓	✓	✓	★ = 3	✓ = 4
USAA Federal Savings Bank	★	★	★	✓	✓	✓	✓	★ = 3	✓ = 4
Citibank	★	★	★	✓	–	✓	✓	★ = 3	✓ = 3
City National Bank	★	★	★	✓	✓	–	✓	★ = 3	✓ = 3
First Republic Bank	★	★	★	✓	–	✓	✓	★ = 3	✓ = 3
EverBank	★	★	☆	✓	–	✓	✓	★ = 2	✓ = 3
BB&T	☆	☆	★	✓	✓	✓	✓	★ = 1	✓ = 4
First Citizens Bank	☆	☆	★	✓	✓	✓	✓	★ = 1	✓ = 4
Frost Bank	☆	☆	★	✓	✓	✓	✓	★ = 1	✓ = 4
HSBC	☆	☆	★	✓	✓	✓	✓	★ = 1	✓ = 4
New York Community Bank	★	☆	☆	✓	✓	✓	✓	★ = 1	✓ = 4
Bank of the West	☆	☆	★	✓	✓	–	✓	★ = 1	✓ = 3
BMO Harris Bank	☆	☆	★	✓	✓	–	✓	★ = 1	✓ = 3
Huntington Bank	☆	☆	★	✓	✓	–	✓	★ = 1	✓ = 3
JPMorgan Chase Bank	★	☆	☆	✓	✓	–	✓	★ = 1	✓ = 3
M&T Bank	☆	☆	★	✓	✓	–	✓	★ = 1	✓ = 3
U.S. Bank	☆	☆	★	✓	✓	–	✓	★ = 1	✓ = 3
Zions First National Bank	☆	☆	★	✓	✓	–	✓	★ = 1	✓ = 3
Bank of America	☆	★	☆	✓	–	–	✓	★ = 1	✓ = 2
BBVA Compass Bank	☆	☆	★	✓	–	–	✓	★ = 1	✓ = 2
KeyBank	☆	☆	★	✓	–	–	✓	★ = 1	✓ = 2
Signature Bank	☆	☆	★	✓	–	✓	–	★ = 1	✓ = 2

Continued on next page

Bank name	Overdraft							Total best practices (out of 3)	Total good practices (out of 4)
	Best practices			Good practices					
	No ATM overdrafts	No debit point-of-sale overdrafts	No high-to-low transaction reordering	Limited high-to-low transaction reordering	Threshold amount to trigger an overdraft	No extended overdraft fee	Limited number of overdraft fees per day		
Associated Bank	☆	☆	★	✔	✓	✓	✓	★ = 1	✔ = 1
Susquehanna Bank	☆	☆	★	✔	✓	✓	✓	★ = 1	✔ = 1
Capital One Bank	☆	☆	☆	✔	✔	✔	✔	★ = 0	✔ = 4
Fifth Third Bank	☆	☆	☆	✔	✔	✔	✔	★ = 0	✔ = 4
TCF National Bank	☆	☆	☆	✔	✔	✔	✔	★ = 0	✔ = 4
Wells Fargo Bank	☆	☆	☆	✔	✔	✔	✔	★ = 0	✔ = 4
First Niagara Bank	☆	☆	☆	✔	✔	✓	✔	★ = 0	✔ = 3
First Tennessee Bank	☆	☆	☆	✔	✔	✓	✔	★ = 0	✔ = 3
PNC Bank	☆	☆	☆	✔	✔	✓	✔	★ = 0	✔ = 3
RBS Citizens	☆	☆	☆	✔	✔	✓	✔	★ = 0	✔ = 3
Regions Bank	☆	☆	☆	✓	✔	✔	✔	★ = 0	✔ = 3
Union Bank	☆	☆	☆	✔	✔	✓	✔	★ = 0	✔ = 3
Comerica Bank	☆	☆	☆	✔	✓	✓	✔	★ = 0	✔ = 2
Commerce Bank	☆	☆	☆	✔	✓	✔	✓	★ = 0	✔ = 2
SunTrust Bank	☆	☆	☆	✓	✔	✓	✔	★ = 0	✔ = 2
TD Bank	☆	☆	☆	✓	✔	✓	✔	★ = 0	✔ = 2
Webster Bank	☆	☆	☆	✓	✔	✓	✔	★ = 0	✔ = 2
FirstMerit Bank	☆	☆	☆	✔	✓	✓	✓	★ = 0	✔ = 1
Sovereign/ Santander Bank	☆	☆	☆	✓	✓	✓	✔	★ = 0	✔ = 1
BOKF	☆	☆	☆	✓	✓	✓	✓	★ = 0	✔ = 0
Banco Popular de Puerto Rico	✕	✕	✕	✕	✕	✕	✕	N/A	N/A
East West Bank	✕	✕	✕	✕	✕	✕	✕	N/A	N/A
Hudson City Savings Bank	✕	✕	✕	✕	✕	✕	✕	N/A	N/A
People's United Bank	✕	✕	✕	✕	✕	✕	✕	N/A	N/A
Prosperity Bank	✕	✕	✕	✕	✕	✕	✕	N/A	N/A
Synovus Bank	✕	✕	✕	✕	✕	✕	✕	N/A	N/A

★ Engages in this best practice ☆ Does not engage in this best practice ✔ Engages in this good practice ✓ Does not engage in this good practice ✕ No response

Source: The Pew Charitable Trusts

Dispute resolution policies

Pew policy recommendations

The Consumer Financial Protection Bureau or Congress should:

- Prohibit pre-dispute mandatory binding arbitration clauses in checking account agreements, which prevent accountholders from accessing courts to challenge unfair and deceptive practices or other legal violations, impair individual rights, and potentially allow harmful practices to spread unchallenged by thorough legal or public scrutiny.
- Complete its congressionally mandated study of arbitration agreements in a timely and thorough fashion. In the study, the bureau should assess whether loss, costs, and expenses clauses prevent consumers from obtaining relief.

Dispute resolution overview

In December 2013, the Consumer Financial Protection Bureau's report, *Arbitration Study Preliminary Results*, found that larger banks tend to include arbitration clauses in their consumer checking contracts, while midsized and smaller banks and credit unions do not.[19] (See box on the next page for the types of dispute resolution clauses and provisions common in consumer checking accounts.) Interestingly, the bureau estimates that only about 8 percent of banks include arbitration clauses in their checking account contracts but that these clauses cover 44 percent of insured deposits.

In Pew's 2012 report, *Banking on Arbitration: Big Banks, Consumers, and Checking Account Dispute Resolution*, we also found that the larger the financial institution the more likely an account agreement contains a clause requiring mandatory binding arbitration.[20] We also found that financial institutions that require arbitration are much more likely to ban class-action lawsuits.

Dispute resolution best practices

Pew recommends that mandatory arbitration clauses in checking account contracts be prohibited, based on our prior research on dispute resolution policies—findings that are reinforced by the Consumer Financial Protection Bureau's recent study. In this report, best practices:

- Do not require mandatory binding arbitration that prohibits customers from taking a dispute to court.
- Do not ban consumers from joining class-action lawsuits.
- Do not include loss, costs, and expenses clauses that require a consumer to pay the bank's expenses should the consumer pursue a claim, regardless of the outcome of the dispute.

Unfortunately, we have seen declines in two of these three best practices.

Bank dispute resolution policies

Arbitration

A private dispute resolution process in which a third-party decision-maker resolves disputes between opposing parties. The process is binding, with narrow opportunity for appeal.

Class-action waiver

Clauses in account agreements that preclude the customer from joining with others to try to hold a financial institution accountable for injuries that may be small individually but amount to significant harm when brought in aggregate.

Jury trial waiver

Clauses in account agreements that preclude the customer from having a dispute heard and resolved by a jury.

Loss, costs, and expenses clause

An account agreement provision requiring consumers to pay their bank's costs should they pursue a dispute about their account, no matter the outcome of the case.

Small-claims exemption

An account agreement provision allowing a customer otherwise limited to arbitration to bring a complaint to small-claims court for resolution.

No mandatory binding arbitration

The following banks do not include mandatory binding arbitration clauses in their checking account agreements. Those that are in bold also met this best practice requirement in our previous report.[21]

Ally Bank
Bank of America
Bank of the West
Capital One Bank
Commerce Bank

Fifth Third Bank
First Republic Bank
HSBC
Signature Bank
Susquehanna Bank

TD Bank
BOKF
New York Community Bank

Bold = designated for this practice in 2013 and 2014

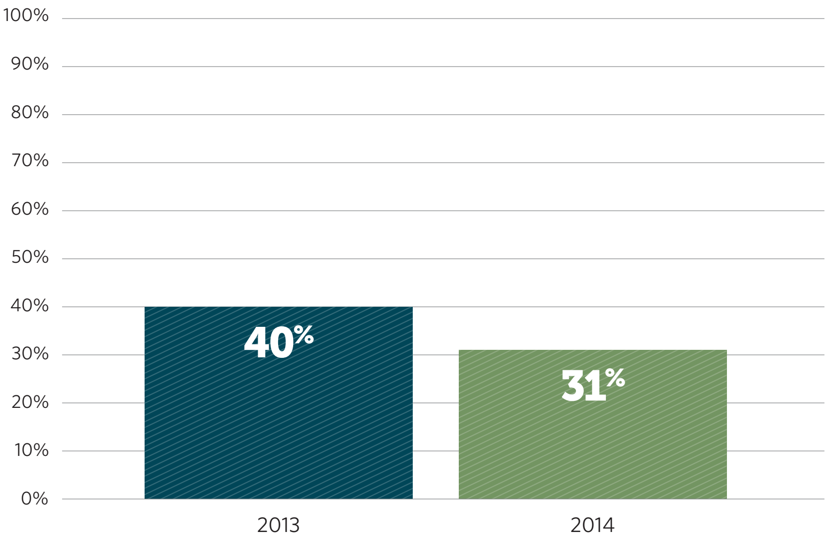
PNC Bank, RBS Citizens, and Comerica Bank previously did not require arbitration and were given credit for a best practice in our earlier study but have since instituted mandatory binding arbitration clauses in their account agreements.[22]

When limiting the scope to banks in both this and Pew's previous study, the percentage of banks that have adopted this practice has declined. (See Figure 19.)

Figure 19

Percentage of Banks Without a Binding Arbitration Clause, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

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No class-action waiver clause

The following banks do not prohibit consumers from joining a class-action lawsuit to pursue a dispute. Those that are in bold met this best practice requirement in our previous report as well.[23]

- **Ally Bank**
- **Bank of America**
- **Bank of the West**
- **Capital One Bank**
- **Charles Schwab Bank**
- **Commerce Bank**
- **Fifth Third Bank**
- **First Republic Bank**
- **HSBC**
- **Signature Bank**
- **Susquehanna Bank**
- **TD Bank**
- BOKF
- New York Community Bank

Bold = designated for this practice in 2013 and 2014

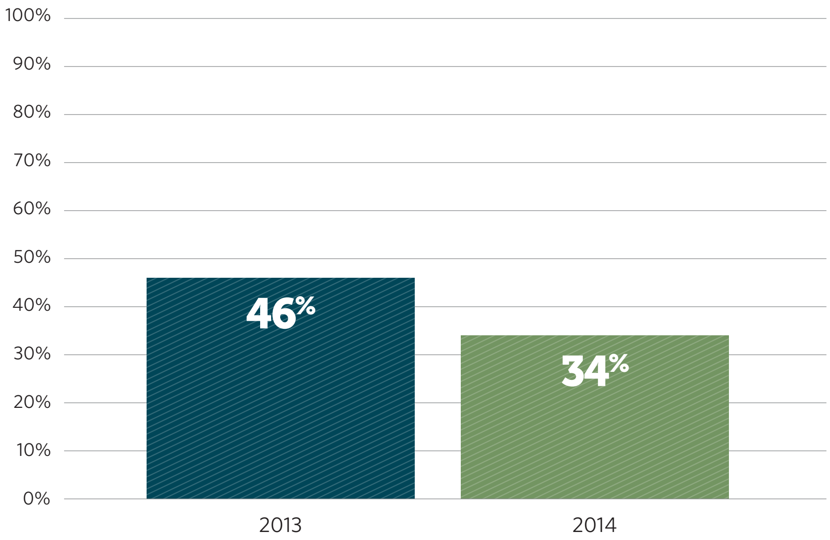
PNC Bank, RBS Citizens, Comerica Bank, and Associated Bank had adopted this practice in our earlier study but have since instituted class-action waiver clauses in their account agreements.[24]

When limiting the scope to banks in both this and Pew's previous study, the percentage of banks that have adopted this practice has declined. (See Figure 20.)

Figure 20

Percentage of Banks Without a Class-Action Waiver Clause, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

No loss, costs, and expenses clause

The following banks do not include a clause in their account agreements requiring consumers to pay the bank's loss, costs, and expenses no matter the outcome of dispute. Those that are in bold also met this best practice requirement in our previous report.[25]

Ally Bank
Associated Bank
Bank of America
BBVA Compass Bank
Charles Schwab Bank
Citibank
City National Bank
Comerica Bank
Commerce Bank
First Tennessee Bank
JPMorgan Chase Bank
KeyBank
OneWest Bank
RBS Citizens
Signature Bank
Sovereign/Santander Bank
SunTrust Bank
TCF National Bank
TD Bank
Union Bank
USAA Federal Savings Bank
Webster Bank
Wells Fargo Bank
BOKF
EverBank
Fifth Third Bank
First Citizens Bank
First Niagara Bank
First Republic Bank
FirstMerit Bank
Huntington Bank
M&T Bank
PNC Bank
Regions Bank

Bold = designated for this practice in 2013 and 2014

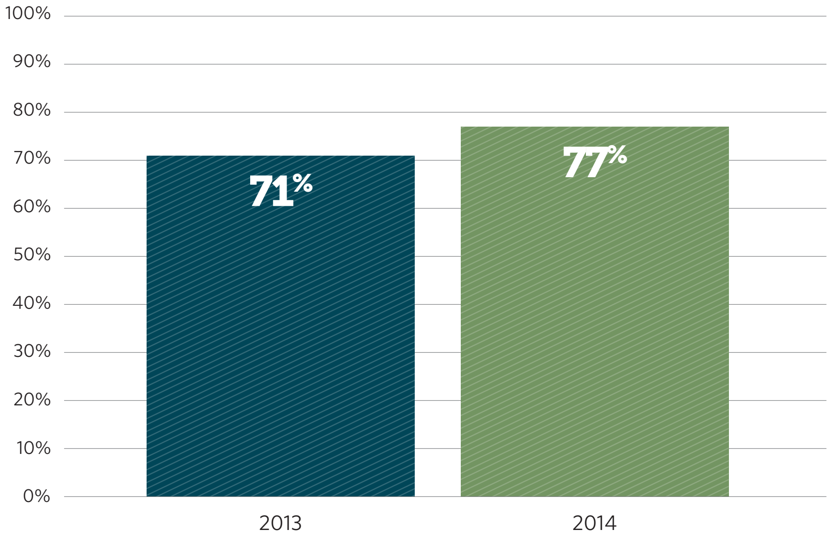
BB&T and Zions First National Bank had adopted this practice in our earlier study but have since added a loss, costs, and expenses clause.

When limiting the scope to banks in both this and Pew's previous study, the percentage of banks that have adopted this practice has increased slightly. (See Figure 21.)

Figure 21

Percentage of Banks Without a Loss, Costs, and Expenses Clause, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

Dispute resolution good practices

Pew identified allowing consumers to opt out of arbitration, not requiring a jury waiver, and including a small-claims exemption as good practices that help mitigate the effects of mandatory binding arbitration on consumers. But unlike the best practices above, these policies do not alleviate the core issue of deterring consumers from seeking legal recourse.

Arbitration opt-out provision

Just over one-quarter of checking accounts studied in the Consumer Financial Protection Bureau's recent report include an opt-out provision. In research similar to Pew's, the bureau found that the consumer must follow the bank's required procedure to elect this option, which usually entails submitting a letter by mail and may require that all authorized users of the account consent to the opt-out provision in writing.[26]

Pew's latest set of data show that the median number of days to opt out of a bank's arbitration clause is 45. In this review, Pew found that the following banks include an opt-out provision. To avoid penalizing banks, those that do not require arbitration in their checking account agreements are given credit for this good practice and are shown as underlined text. Those that are in bold met this best practice requirement in our previous report as well.[27]

- **Ally Bank**
- **Bank of America**
- **Bank of the West**
- **Capital One Bank**
- **Commerce Bank**
- **Fifth Third Bank**
- **First Niagara Bank**
- **First Republic Bank**
- **HSBC**
- **JPMorgan Chase Bank**
- **KeyBank**
- **PNC Bank**
- **RBS Citizens**
- **Signature Bank**
- **Sovereign/Santander Bank**
- **SunTrust Bank**
- **Susquehanna Bank**
- **TCF National Bank**
- **TD Bank**
- BMO Harris Bank
- BOKF
- FirstMerit Bank
- M&T Bank
- New York Community Bank

Bold = designated for this practice in 2013 and 2014
Underlined = designated for best and therefore included as good practice

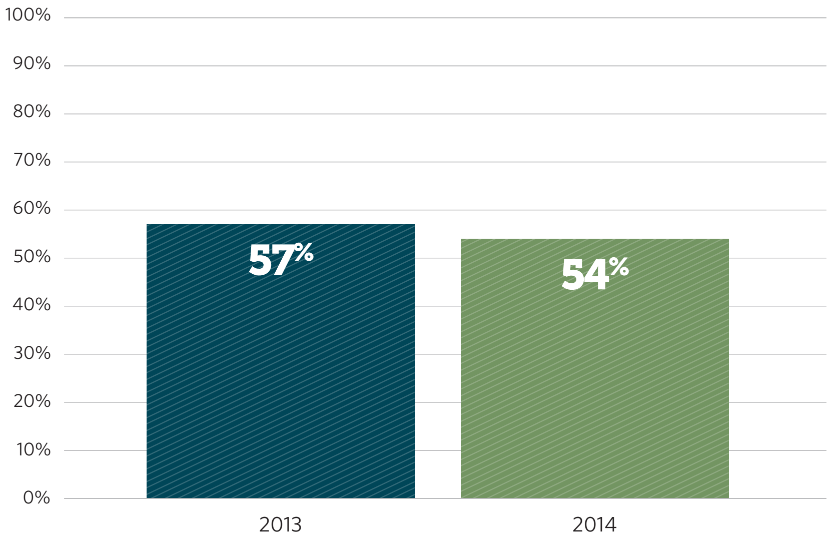
In our earlier study, Comerica Bank and First Republic Bank did not have arbitration clauses in their account agreements and received credit for this opt-out good practice by default, since they did not have an arbitration agreement to opt out of. Since that time, both banks have added an arbitration clause that did not include an opt-out provision, which precludes them from receiving credit for this good practice.

When limiting the scope to banks in both this and Pew's previous study, the percentage of banks that have adopted this practice has declined slightly. (See Figure 22.)

Figure 22

Percentage of Banks With an Opt-Out Provision or That Do Not Require Arbitration, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

No jury trial waiver clause

By definition, if a bank includes a mandatory binding arbitration clause in its checking account agreement, the customer must waive his or her right to a jury trial. Yet Pew's data also show that some banks that do not include an arbitration clause still require customers to waive the right to a jury trial in favor of a bench trial over which only a judge would preside. The following banks do not preclude access to a jury trial for customers. Those that are in bold also met this best practice requirement in our previous report.

- **Ally Bank**
- **Bank of the West**
- **Commerce Bank**
- **Susquehanna Bank**
- BOKF

Bold = designated for this practice in 2013 and 2014

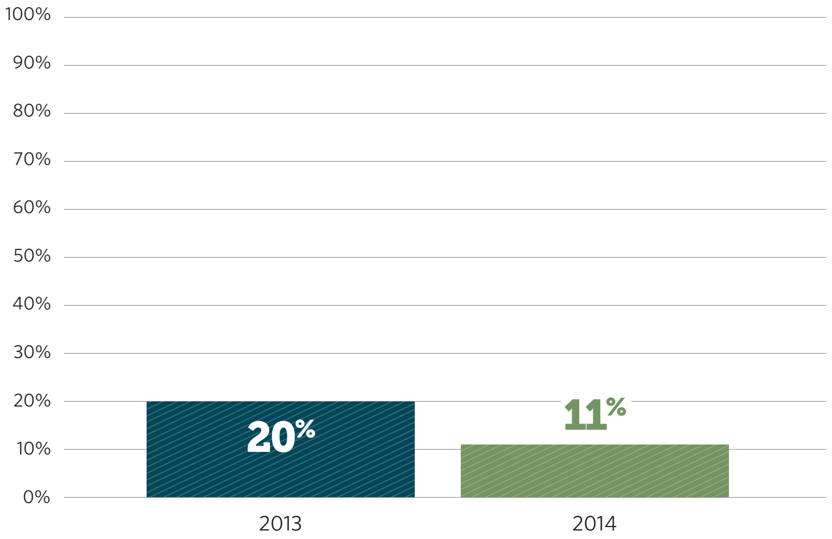
PNC Bank, RBS Citizens, and First Republic Bank had adopted this practice in our earlier study but have since added a jury trial waiver clause.

When limiting the scope to banks in both this and Pew's previous study, the percentage of banks that have adopted this practice has declined. (See Figure 23.)

Figure 23

Percentage of Banks Without a Jury Trial Waiver Clause, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

Small-claims arbitration exemption

Most of the banks studied in our first report on bank practices allowed consumers to resolve a dispute in small-claims court even though they required arbitration. This option, however, is available only to consumers who have claims for damages that are less than a specified amount. The following banks do not have an arbitration clause and are shown as underlined text, or they specifically allow consumers to take a dispute about their checking account to small-claims court rather than begin arbitration proceedings. Those that are in bold met this best practice requirement in our previous report as well.[28]

- **Ally Bank**
- **Bank of America**
- **Bank of the West**
- **BB&T**
- **BBVA Compass Bank**
- **Capital One Bank**
- **Citibank**
- **City National Bank**
- **Comerica Bank**
- **Commerce Bank**
- **Fifth Third Bank**
- **First Niagara Bank**
- **First Republic Bank**
- **First Tennessee Bank**
- **Frost Bank**
- **HSBC**
- **JPMorgan Chase Bank**
- **OneWest Bank**
- **PNC Bank**
- **RBS Citizens**
- **Signature Bank**
- **Sovereign/Santander Bank**
- **SunTrust Bank**
- **Susquehanna Bank**
- **TCF National Bank**
- **TD Bank**
- **U.S. Bank**
- **Union Bank**
- **USAA Federal Savings Bank**
- **Webster Bank**
- **Wells Fargo Bank**
- Associated Bank
- BMO Harris Bank
- BOKF
- EverBank
- FirstMerit Bank
- Huntington Bank
- New York Community Bank
- Regions Bank

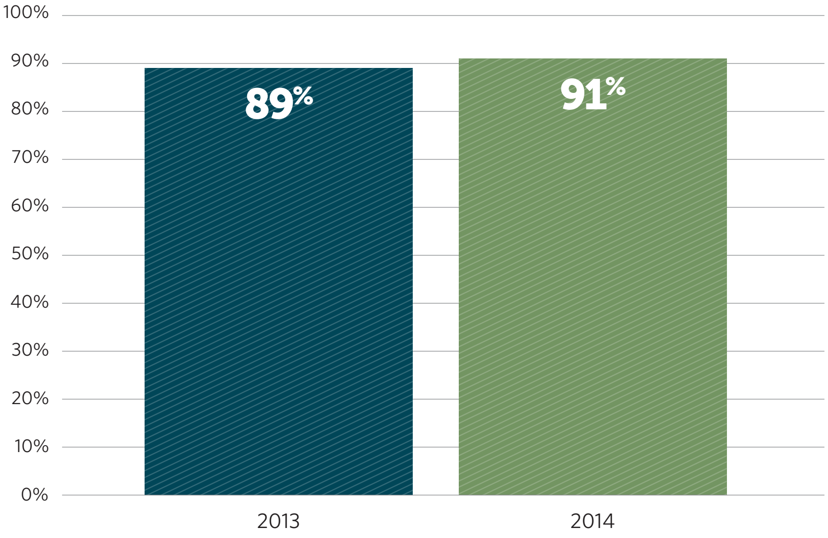
Bold = designated for this practice in 2013 and 2014
Underlined = designated for best and therefore included as good practice

When limiting the scope to banks in both this and Pew's previous study, the percentage of banks that have adopted this practice has increased slightly. (See Figure 24.)

Figure 24

Percentage of Banks With a Small-Claims Exemption or That Do Not Require Arbitration, 2013 vs. 2014

Banks common to both studies



Source: The Pew Charitable Trusts

Summary of bank dispute resolution best and good practices

Figure 25 summarizes Pew's findings on dispute resolution policies. Pew has ranked banks by the total number of best and good practices. Banks that received the same rating are listed alphabetically.

Figure 25

Overview of Bank Dispute Resolution Best and Good Practices, 2014

Banks ordered by number of best then good practices, and alphabetically when tied

Bank name	Dispute resolution						Total best practices (out of 3)	Total good practices (out of 3)
	Best practices			Good practices				
	No mandatory binding arbitration	No class-action waiver clause	No loss, costs, and expenses clause	Arbitration opt-out provision	No jury trial waiver clause	Small-claims arbitration exemption		
Ally Bank	★	★	★	✓	✓	✓	★ = 3	✓ = 3
BOKF	★	★	★	✓	✓	✓	★ = 3	✓ = 3
Commerce Bank	★	★	★	✓	✓	✓	★ = 3	✓ = 3
Bank of America	★	★	★	✓		✓	★ = 3	✓ = 2
Fifth Third Bank	★	★	★	✓		✓	★ = 3	✓ = 2
First Republic Bank	★	★	★	✓		✓	★ = 3	✓ = 2
Signature Bank	★	★	★	✓		✓	★ = 3	✓ = 2
TD Bank	★	★	★	✓		✓	★ = 3	✓ = 2
Bank of the West	★	★	☆	✓	✓	✓	★ = 2	✓ = 3
Susquehanna Bank	★	★	☆	✓	✓	✓	★ = 2	✓ = 3
Capital One Bank	★	★	☆	✓		✓	★ = 2	✓ = 2
HSBC	★	★	☆	✓		✓	★ = 2	✓ = 2
New York Community Bank	★	★	☆	✓		✓	★ = 2	✓ = 2
Charles Schwab Bank	☆	★	★				★ = 2	✓ = 0
First Niagara Bank	☆	☆	★	✓		✓	★ = 1	✓ = 2
FirstMerit Bank	☆	☆	★	✓		✓	★ = 1	✓ = 2
JPMorgan Chase Bank	☆	☆	★	✓		✓	★ = 1	✓ = 2
PNC Bank	☆	☆	★	✓		✓	★ = 1	✓ = 2
RBS Citizens	☆	☆	★	✓		✓	★ = 1	✓ = 2
Sovereign /Santander Bank	☆	☆	★	✓		✓	★ = 1	✓ = 2
SunTrust Bank	☆	☆	★	✓		✓	★ = 1	✓ = 2
TCF National Bank	☆	☆	★	✓		✓	★ = 1	✓ = 2

Continued on next page

Bank name	Dispute resolution						Total best practices (out of 3)	Total good practices (out of 3)
	Best practices			Good practices				
	No mandatory binding arbitration	No class-action waiver clause	No loss, costs, and expenses clause	Arbitration opt-out provision	No jury trial waiver clause	Small-claims arbitration exemption		
Associated Bank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
BBVA Compass Bank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
Citibank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
City National Bank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
Comerica Bank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
EverBank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
First Tennessee Bank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
Huntington Bank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
KeyBank	☆	☆	★	✔	✓	✓	★ = 1	✔ = 1
M&T Bank	☆	☆	★	✔	✓	✓	★ = 1	✔ = 1
OneWest Bank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
Regions Bank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
Union Bank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
USAA Federal Savings Bank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
Webster Bank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
Wells Fargo Bank	☆	☆	★	✓	✓	✔	★ = 1	✔ = 1
First Citizens Bank	☆	☆	★	✓	✓	✓	★ = 1	✔ = 0
BMO Harris Bank	☆	☆	☆	✔	✓	✔	★ = 0	✔ = 2
BB&T	☆	☆	☆	✓	✓	✔	★ = 0	✔ = 1
Frost Bank	☆	☆	☆	✓	✓	✔	★ = 0	✔ = 1
U.S. Bank	☆	☆	☆	✓	✓	✔	★ = 0	✔ = 1
Zions First National Bank	☆	☆	☆	✓	✓	✓	★ = 0	✔ = 0
Banco Popular de Puerto Rico	✕	✕	✕	✕	✕	✕	N/A	N/A
East West Bank	✕	✕	✕	✕	✕	✕	N/A	N/A
Hudson City Savings Bank	✕	✕	✕	✕	✕	✕	N/A	N/A
People's United Bank	✕	✕	✕	✕	✕	✕	N/A	N/A
Prosperity Bank	✕	✕	✕	✕	✕	✕	N/A	N/A
Synovus Bank	✕	✕	✕	✕	✕	✕	N/A	N/A

★ Engages in this best practice ☆ Does not engage in this best practice ✔ Engages in this good practice ✓ Does not engage in this good practice ✕ No response

Source: The Pew Charitable Trusts

Conclusion

> We still find the need for action from the Consumer Financial Protection Bureau to ensure banks offer the highest level of consumer protection.

This report shows that many bank practices have improved since our last analysis, particularly those related to disclosure and overdraft policies. Yet we still find the need for action from the Consumer Financial Protection Bureau to ensure banks offer the highest level of consumer protection.

Our report shows that more large banks are offering a summary disclosure box so that consumers understand the intricacies of their checking accounts. And every bank we studied clearly discloses the penalty fee for overdraft service. Fewer banks are reordering transactions, a practice that can drastically increase the number and amount of overdraft fees, and more have adopted policies such as a negative balance threshold dollar amount before an overdraft fee is triggered. We commend these banks for their adoption of best practices. In fact, of all the disclosure and overdraft metrics Pew tracks, only one—charging an extended overdraft fee—declined slightly since our last report.

But these improvements do not extend to the dispute resolution category, where our report finds significant retrenchment. More banks have added class-action and jury trial waivers along with mandatory binding arbitration clauses to their account agreements, all of which limit a consumer's options during a dispute. The uneven adoption of basic consumer protections leaves many customers open to significant confusion and financial harm. (See Figure 26.)

Figure 26 (on page 42) summarizes Pew's findings and demonstrates the variation in bank consumer protection practices and the need for the Consumer Financial Protection Bureau to act. All consumers should be able to use their checking accounts without incurring hidden fees or being required to submit to arbitration of a dispute. We look forward to proposed new rules in 2014 to ensure that checking accounts are safe and transparent.

Figure 26

Overview of Best and Good Practices, 2014

Banks ordered by number of best then good practices, and alphabetically when tied

Bank name	Disclosure		Overdraft		Dispute resolution		Total best practices (out of 7)	Total good practices (out of 11)
	Best practices	Good practices	Best practices	Good practices	Best practices	Good practices		
Ally Bank	★	✓✓✓✓	★★★	✓✓✓✓	★★★	✓✓✓	★ = 7	✓ = 11
First Republic Bank	☆	✓✓✓·	★★★	✓✓✓·	★★★	✓✓·	★ = 6	✓ = 8
Bank of America	★	✓✓✓✓	★☆☆	✓✓··	★★★	✓✓·	★ = 5	✓ = 8
Charles Schwab Bank	☆	✓✓✓✓	★★★	✓✓✓✓	★★☆	···	★ = 5	✓ = 8
Citibank	★	✓✓✓✓	★★★	✓✓✓·	★☆☆	✓··	★ = 5	✓ = 8
Fifth Third Bank	★	✓✓✓✓	☆☆☆	✓✓✓✓	★★★	✓✓·	★ = 4	✓ = 10
TD Bank	★	✓✓✓✓	☆☆☆	✓✓··	★★★	✓✓·	★ = 4	✓ = 8
City National Bank	☆	✓✓✓·	★★★	✓✓✓·	★☆☆	✓··	★ = 4	✓ = 7
OneWest Bank	☆	✓✓··	★★★	✓✓✓✓	★☆☆	✓··	★ = 4	✓ = 7
USAA Federal Savings Bank	☆	✓✓··	★★★	✓✓✓✓	★☆☆	✓··	★ = 4	✓ = 7
Signature Bank	☆	✓···	★☆☆	✓✓··	★★★	✓✓·	★ = 4	✓ = 5
Capital One Bank	★	✓✓✓✓	☆☆☆	✓✓✓✓	★★☆	✓✓·	★ = 3	✓ = 10
JPMorgan Chase Bank	★	✓✓✓✓	★☆☆	✓✓✓·	★☆☆	✓✓·	★ = 3	✓ = 9
Bank of the West	☆	✓✓··	★☆☆	✓✓✓·	★★☆	✓✓✓	★ = 3	✓ = 8
EverBank	☆	✓✓✓✓	★★☆	✓✓✓·	★☆☆	✓··	★ = 3	✓ = 8
HSBC	☆	✓✓··	★☆☆	✓✓✓✓	★★☆	✓✓·	★ = 3	✓ = 8
New York Community Bank	☆	✓✓··	★☆☆	✓✓✓✓	★★☆	✓✓·	★ = 3	✓ = 8
BBVA Compass Bank	★	✓✓✓✓	★☆☆	✓✓··	★☆☆	✓··	★ = 3	✓ = 7
Commerce Bank	☆	✓✓··	☆☆☆	✓✓··	★★★	✓✓✓	★ = 3	✓ = 7
Susquehanna Bank	☆	✓✓··	★☆☆	✓···	★★☆	✓✓✓	★ = 3	✓ = 6
BOKF	☆	✓✓··	☆☆☆	····	★★★	✓✓✓	★ = 3	✓ = 5
BB&T	★	✓✓✓✓	★☆☆	✓✓✓✓	☆☆☆	✓··	★ = 2	✓ = 9
First Niagara Bank	★	✓✓✓✓	☆☆☆	✓✓✓·	★☆☆	✓✓·	★ = 2	✓ = 9
PNC Bank	★	✓✓✓✓	☆☆☆	✓✓✓·	★☆☆	✓✓·	★ = 2	✓ = 9

Continued on next page

Bank name	Disclosure		Overdraft		Dispute resolution		Total best practices (out of 7)	Total good practices (out of 11)
	Best practices	Good practices	Best practices	Good practices	Best practices	Good practices		
RBS Citizens	★	✓✓✓✓	☆☆☆	✓✓✓–	★☆☆	✓✓–	★ = 2	✓ = 9
Wells Fargo Bank	★	✓✓✓✓	☆☆☆	✓✓✓✓	★☆☆	✓––	★ = 2	✓ = 9
First Tennessee Bank	★	✓✓✓✓	☆☆☆	✓✓✓–	★☆☆	✓––	★ = 2	✓ = 8
SunTrust Bank	★	✓✓✓✓	☆☆☆	✓✓––	★☆☆	✓✓–	★ = 2	✓ = 8
Union Bank	★	✓✓✓✓	☆☆☆	✓✓✓–	★☆☆	✓––	★ = 2	✓ = 8
Comerica Bank	★	✓✓✓✓	☆☆☆	✓✓––	★☆☆	✓––	★ = 2	✓ = 7
Sovereign/Santander Bank	★	✓✓✓✓	☆☆☆	✓–––	★☆☆	✓✓–	★ = 2	✓ = 7
Webster Bank	★	✓✓✓✓	☆☆☆	✓✓––	★☆☆	✓––	★ = 2	✓ = 7
First Citizens Bank	☆	✓✓––	★☆☆	✓✓✓✓	★☆☆	–––	★ = 2	✓ = 6
Huntington Bank	☆	✓✓––	★☆☆	✓✓✓–	★☆☆	✓––	★ = 2	✓ = 6
KeyBank	☆	✓✓✓–	★☆☆	✓✓––	★☆☆	✓––	★ = 2	✓ = 6
M&T Bank	☆	✓–––	★☆☆	✓✓✓–	★☆☆	✓––	★ = 2	✓ = 5
Associated Bank	☆	✓✓––	★☆☆	✓–––	★☆☆	✓––	★ = 2	✓ = 4
TCF National Bank	☆	✓✓✓✓	☆☆☆	✓✓✓✓	★☆☆	✓✓–	★ = 1	✓ = 10
BMO Harris Bank	☆	✓✓✓–	★☆☆	✓✓✓–	☆☆☆	✓✓–	★ = 1	✓ = 8
Frost Bank	☆	✓✓✓–	★☆☆	✓✓✓✓	☆☆☆	✓––	★ = 1	✓ = 8
Regions Bank	☆	✓✓✓–	☆☆☆	✓✓✓–	★☆☆	✓––	★ = 1	✓ = 7
U.S. Bank	☆	✓✓✓–	★☆☆	✓✓✓–	☆☆☆	✓––	★ = 1	✓ = 7
FirstMerit Bank	☆	✓✓––	☆☆☆	✓–––	★☆☆	✓✓–	★ = 1	✓ = 5
Zions First National Bank	☆	✓✓––	★☆☆	✓✓✓–	☆☆☆	–––	★ = 1	✓ = 5
Banco Popular de Puerto Rico	×	×	×	×	×	×	N/A	N/A
East West Bank	×	×	×	×	×	×	N/A	N/A
Hudson City Savings Bank	×	×	×	×	×	×	N/A	N/A
People's United Bank	×	×	×	×	×	×	N/A	N/A
Prosperity Bank	×	×	×	×	×	×	N/A	N/A
Synovus Bank	×	×	×	×	×	×	N/A	N/A

★ Engages in this best practice ☆ Does not engage in this best practice ✓ Engages in this good practice – Does not engage in this good practice × No response

Source: The Pew Charitable Trusts

Methodology

Pew studied disclosures from the 50 largest banks based on domestic deposit volume as tabulated in June 2013 by the Federal Deposit Insurance Corporation Subsidiaries of banks or banks that did not offer checking accounts were excluded from the final list. At each bank, the most basic checking account was chosen for analysis. The basic account was defined as the cheapest one available to all consumers (not a specialty account for students, seniors, or the military) and one that was not online-only. For banks that have no physical branches, this last requirement was waived. When banks offered different accounts in different states, Pew examined accounts in the state where the bank held the plurality of its deposits by volume.

In November 2013, Pew examined the following disclosure documents from each financial institution's website:

- Disclosure box
- Fee schedule
- Account agreement
- Screen shots of the checking home page and individual account Web pages

If information was not available online, Pew phoned the banks' toll-free customer support numbers found on their websites to ask for the relevant information to be mailed or emailed.

Pew bases its survey on published account agreements rather than in-person or phone interviews because banks are legally required to provide disclosures in writing that are clear and understandable and that are the basis for the contract customers have with their bank. This increases the likelihood that correct and complete information will be collected and helps reduce the possibility of confusion or the collection of incorrect information about a practice.

Furthermore, these are the documents that prospective checking account customers rely on when choosing among financial institutions. If these disclosures are long, confusing, poorly written, unavailable before opening an account, or filled with onerous terms and conditions, then customers are disserved and may later incur unexpected fees or face limited options for legal recourse in the event of a dispute.

Using these methods, Pew was able to obtain full documentation for 44 of the 50 largest banks. Banks that provided only some of their disclosures were omitted from the study. The banks were rated based on Pew's policy recommendations as articulated in our 2011 and 2012 studies—*Hidden Risks* and *Still Risky*—in the areas of disclosure, overdraft, and dispute resolution policy.[29]

In the category of disclosure, banks were recognized for clearly disclosing the policies included in Pew's model disclosure box—see page 6—without consideration of the underlying bank policies or practices. Banks were judged to have clearly disclosed a fee or policy if the information was available from one of the following:

- The bank's checking home page
- The Web page specific to the account
- The schedule of fees
- In a disclosure box

If this information was available only in the account agreement, it was not considered clearly disclosed. In addition, if a term was disclosed in a document that the bank referred to as its fee schedule but was not in proximity to the actual schedule of fees contained inside that document, it was not considered clearly disclosed.

Figure 27

Data Collection Methods

Banks ordered by domestic deposit volume

1	🟢	Bank of America
2	🟢	Wells Fargo Bank
3	🟢	JPMorgan Chase Bank
4	🟢	Citibank
5	🟢	U.S. Bank
6	🟢	PNC Bank
7	🟢	Capital One Bank
8	🟢	TD Bank
9	🟢	BB&T
10	🟢	SunTrust Bank
11	🟢	HSBC
12	🟢	Fifth Third Bank
13	🟢	Regions Bank
14	🟢	Charles Schwab Bank
15	🟢	Union Bank
16	🔵	RBS Citizens
17	🟢	BMO Harris Bank
18	🟢	KeyBank
19	🔵	M&T Bank
20	🟢	USAA Federal Savings Bank
21	🔵	BBVA Compass Bank
22	🟢	Ally Bank
23	🟢	Comerica Bank
24	🟢	Sovereign/Santander Bank
25	🟢	Huntington Bank
26	🟢	Bank of the West
27	🟢	First Republic Bank
28	🟢	First Niagara Bank
29	🟢	City National Bank
30	🔵	New York Community Bank
31	⚪	Hudson City Savings Bank
32	⚪	People's United Bank
33	⚪	Synovus Bank
34	⚪	Banco Popular de Puerto Rico
35	🟢	FirstMerit Bank
36	🟢	BOKF
37	🟢	Frost Bank
38	⚪	East West Bank
39	🟢	First Citizens Bank
40	🟢	Commerce Bank
41	🟢	Associated Bank
42	🟢	First Tennessee Bank
43	🟢	OneWest Bank
44	🔵	Signature Bank
45	🟢	Webster Bank
46	🟢	Zions First National Bank
47	🟢	TCF National Bank
48	🟢	EverBank
49	🔵	Susquehanna Bank
50	⚪	Prosperity Bank

🟢 Available online 🔵 Mailed/emailed ⚪ Information not provided

Source: The Pew Charitable Trusts

The basis for determining best and good practices for overdraft and dispute resolution practices is Pew's policy recommendations for checking accounts. Here, the banks were recognized according to what they do, so information from the account agreement and other supplemental documents is used to determine their policies. The dispute resolution score recognizes banks that keep their customers' options open in the event of a dispute and do not use provisions such as loss, costs, and expenses clauses, which require consumers to pay their bank's expenses, whether or not they win the case, should they pursue a dispute.

Pew recommends that the Consumer Financial Protection Bureau prohibit pre-dispute mandatory binding arbitration clauses, which prevent accountholders from accessing courts to settle a conflict, in checking account agreements. In addition, Pew recommends that the bureau study these particular clauses to determine whether they have a chilling effect by discouraging customers from trying to resolve a dispute in the first place.

The methods for obtaining disclosures from all 50 banks are summarized in Figure 27 on page 45.

Institutions new to Pew's analysis in this report are highlighted in Figure 28. Regions Bank, BMO Harris Bank, M&T Bank, Huntington Bank, New York Community Bank, FirstMerit Bank, BOKF, and First Citizens Bank were excluded from our previous study for not providing complete account disclosures but did so during our more recent collection and were included. EverBank and Prosperity Bank are new to the list of top 50 banks; however, Prosperity Bank did not make its complete account disclosures available. EverBank and Prosperity Bank replaced Bank of Hawaii and Arvest Bank, both of which dropped out of the top 50 banks and were excluded.

Figure 28

Nine Banks Were Added to the 2014 Analysis

New banks, by deposit volume

Rank (by deposit volume)	Bank name	Reason for inclusion
13	Regions Bank	Disclosures not available last year
17	BMO Harris Bank	Disclosures not available last year
19	M&T Bank	Disclosures not available last year
25	Huntington Bank	Disclosures not available last year
30	New York Community Bank	Disclosures not available last year
35	FirstMerit Bank	Disclosures not available last year
36	BOKF	Disclosures not available last year
39	First Citizens Bank	Disclosures not available last year
48	EverBank	New to top 50

Source: The Pew Charitable Trusts

Endnotes

1 Federal Deposit Insurance Corporation, *2011 National Survey of Unbanked and Underbanked Households* (September 2012), 1, http://www.fdic.gov/householdsurvey/2012_unbankedreport.pdf

2 The Pew Charitable Trusts, *Hidden Risks: The Case for Safe and Transparent Checking Accounts* (April 2011), http://www.pewstates.org/uploadedFiles/PCS_Assets/2011/SafeChecking_Pew_Report_HiddenRisks.pdf; The Pew Charitable Trusts, *Still Risky: An Update on the Safety and Transparency of Checking Accounts* (June 2012) http://www.pewstates.org/uploadedFiles/PCS_Assets/2012/Pew_Safe_Checking_Still_Risky.pdf;and The Pew Charitable Trusts, *Checks and Balances: Measuring Checking Accounts' Safety and Transparency*, (May 2013) http://www.pewstates.org/uploadedFiles/PCS_Assets/2013/ChecksBalances-new.pdf.

3 The Pew Charitable Trusts, *Consumers Need a Simple, Easy-to-Read Disclosure Box for Checking Accounts* (November 2011) 2, http://www.pewstates.org/uploadedFiles/PCS_Assets/2011/SC-IB-DisclosurePolicy%20Rec_1.pdf

4 After the collection of data for our previous report in October 2012 but prior to publication, SunTrust Bank worked with Pew to develop and publish a disclosure box.

5 Bank of Hawaii, which adopted this practice in our 2013 study, was not in the list of top 50 banks this year.

6 Ibid.

7 Bank of Hawaii, which adopted this practice in our 2013 study, was not in the list of top 50 banks this year. HSBC, M&T Bank, OneWest Bank, and USAA Federal Savings Bank disclose information about overdraft transfer service but not in a standalone summary disclosure box or fee schedule, which was required to receive credit for this good practice.

8 Moebs Services, news release, (Sept. 4, 2013), http://www.moebs.com/Portals/0/pdf/Press%20Releases/Overdrafts%20Reflect%20Economy%20Per%20Moebs%20Study.pdf.

9 The Pew Charitable Trusts, *Slipping Behind: Low-Income Los Angeles Households Drift Further from the Financial Mainstream* (October 2011), 7, http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Safe_Banking_Opportunities_Project/Slipping%20Behind.pdf.

10 Federal Deposit Insurance Corporation, *2011 National Survey*, 27.

11 Consumer Financial Protection Bureau, *Study of Overdraft Programs: A Whitepaper of Initial Data Findings* (June 2013), 25, http://files.consumerfinance.gov/f/201306_cfpb_whitepaper_overdraft-practices.pdf.

12 Ibid, 15.

13 Ibid, 62.

14 Bank of America's disclosure documents state that customers will not be allowed to overdraft at an ATM, however the bank may allow customers to withdraw "emergency cash" at an ATM in excess of the available balance for a $35 Overdraft Item fee, which is, in essence, ATM overdraft.

15 Bank of Hawaii, which adopted this practice in our 2013 study, was not in the list of top 50 banks this year.

16 Ibid.

17 Ibid.

18 Bank of Hawaii, which adopted this practice in our 2013 study, was not in the list of top 50 banks this year. Associated Bank only discloses information about the maximum number of overdrafts that can be charged per day in its overdraft opt-in form, not in a stand-alone summary disclosure box, fee schedule, or account agreement.

19 Consumer Financial Protection Bureau, *Arbitration Study Preliminary Results: Section 1028(a) Study Results To Date* (December 2013), 12, http://files.consumerfinance.gov/f/201312_cfpb_arbitration-study-preliminary-results.pdf.

20 The Pew Charitable Trusts, *Banking on Arbitration: Big Banks, Consumers, and Checking Account Dispute Resolution*, (November 2012), http://www.pewstates.org/uploadedFiles/PCS_Assets/2012/Pew_arbitration_report.pdf.

21 Bank of Hawaii, which adopted this practice in our 2013 study, was not in the list of top 50 banks this year.

22 First Republic Bank has instituted judicial reference clauses for accountholders in California, where it has the plurality of deposits and mandatory binding arbitration clauses and class-action waivers for disputes of $100,000 or more in the rest of the states where they do business. Because we base the best practice on the state where the bank has its plurality of deposits, it is recognized as not having mandatory binding arbitration or a class-action ban.

23 Bank of Hawaii, which adopted this practice in our 2013 study, was not in the list of top 50 banks this year.

24 Ibid.

25 Ibid.

26 Consumer Financial Protection Bureau, *Arbitration Study Preliminary Results: Section 1028(a) Study Results To Date,* 31.

27 Ibid.

28 Ibid.

29 The Pew Charitable Trusts, *Hidden Risks* and The Pew Charitable Trusts, *Still Risky*.

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