

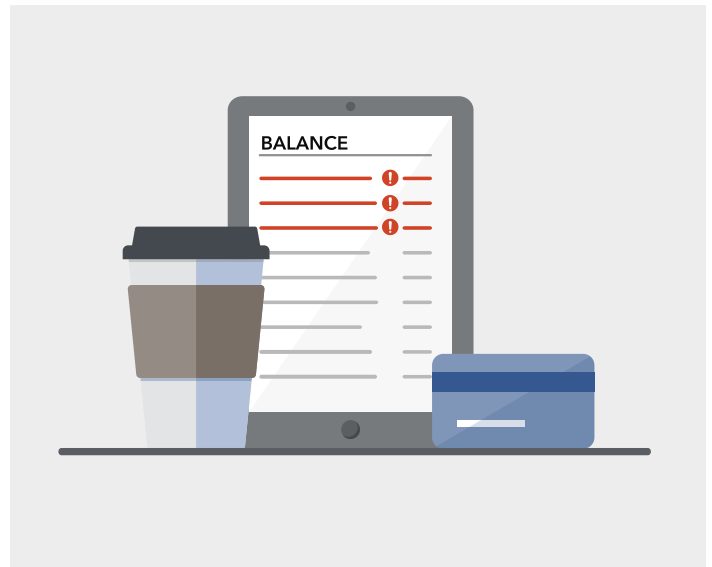
# Variation in Bank Overdraft Revenues and Contribution

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This is a Consumer Financial Protection Bureau analysis of [2015 FFIEC Call Report data](#). All figures as of February 22, 2016.

Banks are required to file detailed quarterly public financial statements to their regulatory supervisors. These Consolidated Reports of Condition and Income or “Call Reports” are made available through the Federal Financial Institutions Examination Council (FFIEC). Until last year, banks did not break out information about their consumer overdraft and NSF fee revenues. Instead, banks reported that information within a broader measure of fees called service charges on deposit accounts or “deposit service charge” revenue earned on both consumer and commercial deposit accounts.

That situation began to change in 2013, when the FFIEC required banks to provide more detailed information on consumer deposits in the Call Reports. Beginning in 2014, banks with assets over \$1 billion that offer consumer deposit accounts are required to report consumer checking and savings account deposits separately from commercial deposits. By 2015, these same banks were required to report certain categories of fees—including overdraft and NSF fees—earned on consumer accounts separately from other deposit service charges. Note that credit unions file reports to a different regulatory authority (the National Credit



Union Administration or NCUA), and as a result, are not required to report separately these same specific line items.

As we highlighted in our [2013 study of overdraft programs](#), there is considerable diversity in institutions’ overdraft program terms and features. There is also diversity in overdrafts’ share of banks’ earnings on consumer deposits or from service charges from consumer deposits. The following table presents aggregate means and summarizes medians and percentile ranges for key metrics:

## Consumer overdraft and NSF fees as a percentage of:

Consumer overdraft and NSF fees as a percentage of:	Mean (Aggregate)	Bottom 10% fell below...	Bottom 25% fell below...	Median	Top 25% were above...	Top 10% were above...
Net Income (N=594)*	8.0%	0.2%	2.2%	7.1%	14.3%	27.0%
Net income before taxes & extraordinary items (N=594)*	5.5%	0.2%	1.6%	5.3%	10.5%	19.8%
All reported service charges on consumer deposits (N=581)*	65.3%	39.0%	61.0%	75.6%	85.2%	93.0%
Average consumer checking and money market deposit balances (N=589) *	0.45%	0.03%	0.14%	0.43%	0.91%	1.86%

\*Includes only banks with non-missing values for consumer overdraft and NSF fee revenues and applicable non-zero denominators.

To illustrate, consider that consumer overdraft and NSF fee revenues across the 628 banks required to report this information as of December 31, 2015 totaled \$11.16B in 2015. Note that not all of these 628 banks triggered the new reporting requirements for all four quarters of 2015. We are able to compare full-year ratios of consumer overdraft and NSF fee revenues to net income before taxes and extraordinary items for 594 banks. At least half of these 594 banks derived 5.3% (the median measurement) or more of their overall net income before taxes and extraordinary items from consumer overdraft and NSF fees in 2015. However, for 10% of these reporting banks, consumer overdraft and NSF fee revenues composed 19.8% (almost one-fifth) or more of their net income before taxes and extraordinary items. In other words, these 60 banks derive a significantly higher portion of their overall recurring earnings from consumer overdraft and NSF fees than do analyzed peer institutions.

The wide variations in how much banks earn from overdraft programs may reflect a number of factors, including the size of a bank and the level of contribution from a bank's other lines of business—especially for the net income metrics. Additional factors may include the mix of consumers served by each institution, the amount of the overdraft and NSF fee each charges, the mix of debit card users and of accountholders opted in for overdraft coverage on ATM and one-time debit card transactions, and overdraft program parameters such as posting order, limitations on the number of fees, and cushions before overdraft fees are charged.

The CFPB is currently considering new consumer protections regarding consumer checking account overdraft programs. The Bureau conducted a public Request for Information on bank and credit union overdraft programs in 2012 and published a [2013 study of overdraft programs](#) and a [2014 data points](#) on how overdraft programs work and their impact on consumers.

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