

The Federal Deposit Insurance Corporation (FDIC) gave banks **final guidance** last week regarding overdraft programs and overdraft fees. The new guidelines are intended to ensure customers receive better information about the cost of automatic overdraft protection and also require banks to assist customers in avoiding hefty overdraft fees.

The new FDIC guidelines cover personal checks and automatic debit transactions. The guidelines follow overdraft rules issued by the Federal Reserve related to debit card and ATM transactions. With the new guidelines, the FDIC made clear it expects the following from the state-chartered banks it supervises:

- Review of marketing and disclosure for the programs “to minimize potential customer confusion and to promote responsible use of overdraft programs.”
- Train staff to explain the programs’ features and other options.
- Monitor overdraft programs for excessive use and offer alternatives to customers who overdraw their account more than six times in any 12-month period.
- Set “appropriate daily limits” on the number of overdraft fees a customer can be hit with.
- Consider using text messages, email, or other options to alert customers when their account balance gets low.