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CitiBank recently announced a change to its overdraft policies. Beginning July 25, 2011, CitiBank will process checks from smallest to largest. Currently, most banks process checks from largest to smallest, which means that if a large check overdraws an account, then each smaller check will do so also, resulting in multiple overdraft fees. The median fee for overdrafts is \$27, and many banks charge as much as \$37 for each instance in which an item is processed while an account is overdrawn. The new CitiBank policy should help borrowers avoid multiple overdraft charges which disproportionately impact those living from paycheck to paycheck or on a fixed income.
