

The Consumer Financial Protection Bureau (CFPB) recently announced that it is reviewing bank practices to determine whether regulations aimed at curbing abuses with overdraft fees went far enough. The agency plans to decide by the end of the year whether additional rules and restrictions are needed to protect consumers.

In 2010, the Federal Reserve passed a rule requiring banks to obtain an “opt-in” from customers for overdraft protection on debit and ATM transactions. Prior to that rule, banks would typically automatically enroll customers in overdraft programs which allowed customer purchases and debits when insufficient funds were in the account at the time of the transaction. Banks typically charge as much as \$35 per overdraft. Last year, banks charged customers \$31.6 billion in overdraft fees, down from \$33.1 billion in 2010.

The inquiry by CFPB is said to be focused on how banks persuade customers to enroll in overdraft protection programs. Examiners will look at online and mailed marketing material, as well as pre-printed scripts used by bank salespersons, to determine whether the marketing materials are misleading or whether they could be confusing to customers. The banks whose practices will be scrutinized include J.P. Morgan Chase & Co., Wells Fargo & Co., and Bank of America Corp.