

Surveying The Changing Overdraft Fee Landscape

By **Amanda Kurzendoerfer** (August 11, 2025, 3:20 PM EDT)

Consumers continue to use overdrafts to cover short-term cash deficits. As of 2023, more than 25% of consumers reported paying overdraft fees in the previous 12 months;^[1] among these, 43% were surprised by their most recent overdraft charge.^[2]

In fact, bank overdraft collections increased to \$6.1 billion in 2024, ending four consecutive years of declines driven by pandemic stimulus and increased regulatory scrutiny.



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Meanwhile, recent class action and federal developments suggest sustained opportunities for legal practitioners and state regulators. The wave of recent class actions centering on "authorize positive, settle negative" overdraft fees — e.g., *Gardner v. Flagstar Bank FSB*, decided by the U.S. Court of Appeals for the Sixth Circuit in June; and *Scott v. BankFinancial NA*, filed in the Circuit Court of Cook County, Illinois, in March — exemplifies the significance and often unexpected nature of these charges to consumers.^[3]

Furthermore, federal protections have weakened following legislation signed earlier this year that overturned the Consumer Financial Protection Bureau overdraft rule, which would have capped most overdraft fees at \$5, effective Oct. 1.^[4] More recently, in July, the CFPB withdrew its consent order with Navy Federal Credit Union, releasing the institution from an obligation to return up to \$80.7 million in alleged improper overdraft fees.

With federal interest waning, state regulators have expressed commitments to strengthening overdraft protections.

Amid this landscape, higher overdraft revenue combined with considerable variation in bank overdraft policies, as discussed below, signal continued interest in this area of consumer protection.

Consumer Overdraft Charges Exceed \$6 billion

Banks with assets greater than \$1 billion report consumer overdraft-related service charges in their call report filings.^[5] Analysis of this data shows that reporting banks collected \$6.1 billion in overdraft revenue in 2024.

Though a somewhat modest 3% increase over 2023, the change is significant because it marks the

apparent end of steep structural declines seen since 2019, when overdraft revenue reached \$12 billion — first, owing to pandemic-related stimulus between 2020 and 2021; and second, due to changes in bank overdraft policies, likely in response to growing regulatory scrutiny between 2022 and 2023.[6]

A review of overdraft revenue and policies for select very large financial institutions — those with more than \$10 billion in assets and the subject of the overturned CFPB rule — provides insights into potential drivers of bank overdraft revenue.

In particular, the figures below summarize call report data and overdraft fee policies for two sets of top-10 banks: first, the 10 banks with the highest absolute overdraft revenue, and second, the 10 banks with the highest relative overdraft revenue, calculated as overdraft revenue divided by consumer deposits.

Unsurprisingly, banks that collect the most overdraft revenue also tend to be the largest; normalizing by consumer deposits approximates a like-to-like comparison across banks.

Together, the 20 banks collect \$3.8 billion in overdraft revenue, or 62% of the total for banks reporting overdraft revenue. And, notably, overdraft fees at each of these banks exceed the overturned \$5 cap, most by a wide margin — the average is \$32 — suggesting the potential for a steep reduction in fees had the rule not been overturned.

Nevertheless, fee size is but one component of bank overdraft policies.

Considerable Variation in Parameters Beyond Fee Size

Key provisions of bank overdraft policy pertain not only to the size of the fee, but also to the allowable number of fees charged per day, whether a threshold overdraft amount (cushion) is required to trigger a fee, and whether an extended grace period is offered — e.g., overdraft fees waived if the account balance is positive by the next business day.

The figures below record this information for the two sets of top-10 banks, obtained from publicly available materials on individual bank websites, alongside their reported overdraft revenue and overdraft revenue divided by consumer deposits, sourced from bank call report data.

Starting with the banks collecting the most in absolute overdraft revenue, Figure 1 shows that two banks, JPMorgan Chase and Wells Fargo, each collected \$1 billion or more in overdraft revenue in 2024, accounting for one-third of the \$6.1 billion total. At \$34-\$35, overdraft fees for these banks are in line with many of the top 10.

Bank of America and Huntington National Bank are exceptions, with fees of \$10 and \$15, respectively.[7] Both banks reduced overdraft fees from \$35-\$36 in 2022, and both saw a substantial reduction in overdraft revenue from 2021 to 2023 — close to 90% for Bank of America and more than 25% for Huntington.[8]

Regarding additional overdraft policy parameters, Figure 1 shows that the top 10 banks limit the number of fees per day to three, provide a range of cushion amounts before an overdraft fee is charged (\$1-\$50), and tend to offer an extended next-day grace period.[9] Relative to consumer deposits, overdraft revenue for these banks ranges from 0.04% to 0.44% and is altogether commensurate with their size: Among banks reporting overdraft revenue, these banks account for approximately 60% of overdraft revenue and 60% of consumer deposits.

Figure 1: Overdraft policies for the 10 banks with the highest overdraft revenue in 2024

Financial institution name	Overdraft revenue	Overdrafts as a percent of consumer deposits	Size of overdraft fee	Daily limit on number of overdraft fees	Cushion before overdraft fee is charged	Extended grace period
JPMorgan Chase Bank, National Association	\$1,028,000,000	0.26%	\$34	3	\$50	Next day
Wells Fargo Bank, National Association	\$1,000,000,000	0.17%	\$35	3	\$10	Next day
Truist Bank	\$266,000,000	0.20%	\$36	3	\$5	
PNC Bank, National Association	\$260,979,000	0.30%	\$36	1	\$5	Next day
U.S. Bank National Association	\$229,797,000	0.19%	\$36	3	\$50	
TD Bank, National Association	\$229,560,000	0.44%	\$35	3	\$50	Next day
Regions Bank	\$199,000,000	0.41%	\$36	3	\$5	Next day
Bank of America, National Association	\$148,000,000	0.04%	\$10	2	\$1	
Huntington National Bank, The	\$111,043,000	0.19%	\$15	3	\$50	Next day
Fifth Third Bank, National Association	\$108,000,000	0.19%	\$37	3	\$5	Next day

Turning to the banks collecting the highest relative overdraft revenue, Figure 2 shows overdraft fee amounts similar to the previous set, generally in the \$35-\$38 range, with outliers at \$17, \$25 and \$40. In contrast, remaining overdraft policy parameters are notably different: The limit on daily fees is higher at four to six days, and some have no limit at all; cushions are generally lower to nonexistent (\$0-\$25);[10] and none have an extended grace period.

In line with this set containing the highest relative collectors of overdraft fees, overdrafts as a percentage of deposits are higher for this group than the last, spanning 0.49%-0.90% of consumer deposits. On average, relative to their size, banks in this set collect almost three times as much in relative overdraft revenue as the 10 banks with the highest absolute overdraft revenue. This suggests that, in addition to fee size, parameters such as daily fee limits, cushions and grace periods are important drivers of bank overdraft revenue.

Continued Legal Interest and State Regulatory Protections

Regulations that target other aspects of overdraft policy may stand to reduce fees the most for the highest relative collectors of overdraft revenue. State regulations may do just that.

As in other areas of consumer financial protection, states have made inroads to fill the gap left by the curtailment of CFPB activity and ensuing diminished federal overdraft oversight. In New York, proposed regulations include limitations on the number of overdraft and nonsufficient funds fees that banks can charge (three per account per day) and a prohibition on fees for overdrafts less than \$20.[11]

Figure 2: Overdraft policies for the 10 banks with the highest overdraft to consumer deposit ratio in 2024

Financial institution name	Overdraft revenue	Overdrafts as a percent of consumer deposits	Size of overdraft fee	Daily limit on number of overdraft fees	Cushion before overdraft fee is charged	Extended grace period
Arvest Bank	\$71,819,000	0.65%	\$17	4	\$0	
Hancock Whitney Bank	\$29,993,000	0.90%	\$36	5	\$10	
BancFirst	\$25,823,000	0.61%	\$25	4	\$25	
Simmons Bank	\$23,709,000	0.49%	\$36	-	\$5	
Trustmark National Bank	\$22,241,000	0.58%	\$36	5	\$5	
Atlantic Union Bank	\$14,618,000	0.81%	\$38	4	\$5	
First United Bank and Trust Company	\$13,114,000	0.62%	\$40	6	\$10	
Bank Ozk	\$12,209,000	0.74%	\$35	6	\$5	
Dollar Bank, Federal Savings Bank	\$9,929,000	0.52%	\$36	4	\$5	
Berkshire Bank	\$7,657,000	0.60%	\$37	-	\$4	

In California, banks and credit unions can no longer charge nonsufficient funds fees when the transaction is declined and, beginning in 2026, overdraft fees charged by credit unions will be capped at \$14.^[12] Though the primary objective of the overturned CFPB rule and the New York and California regulations is the same and straightforward — to curb excessive overdraft fees — the mechanics of the regulations, or any yet to come, may differ owing to the numerous parameters governing bank overdraft policy.

In private litigation, recent actions, such as the Sixth Circuit's overturning of a summary judgment motion in favor of Flagstar Bank in June, suggest that class actions alleging surprise overdraft charges may continue. And the newly filed complaint against BankFinancial similarly alleges improper overdraft fees on transactions that were authorized with sufficient funds, but settled with insufficient funds.

Issues surrounding the transparency and accuracy of bank overdraft policy statements, as are being addressed in these cases, are likely to remain a focal point given the present environment.

Amid varied and multifaceted overdraft policies, rising overdraft collections signal continued relevance of such fees for consumers. Despite recent federal moves that undermine consumer overdraft protections, the current landscape suggests a recipe for continued legal interest and state regulatory scrutiny going forward.

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[1] Consumer Financial Protection Bureau, "Making Ends Meet in 2023." December 1, 2023. <https://www.consumerfinance.gov/data-research/research-reports/making-ends-meet-in-2023-insights-from-the-making-ends-meet-survey/>.

[2] Consumer Financial Protection Bureau, "Overdraft and Nonsufficient Funds Fees: Insights from the Making Ends Meet Survey and Consumer Credit Panel." December 1, 2023. https://files.consumerfinance.gov/f/documents/cfpb_overdraft-nsf-report_2023-12.pdf.

[3] "Authorize positive, settle negative" (APSN) overdraft fees arise when banks assess overdraft charges on transactions that were authorized against a sufficient balance but settled against an insufficient balance. Recent class actions alleging improper APSN fees include suits against BankFinancial (newly filed), Flagstar Bank (the Sixth Circuit reversed a lower court's grant of summary judgment in favor of the bank), TD Bank (preliminary approval for \$22 million settlement and \$10 million in overdraft forgiveness), Cadence Bank (\$4.5 million settlement), and Apple Federal Credit Union (\$2.5 million settlement). See Sydney Price. "BankFinancial Sued Over Allegedly Improper Overdraft Fees." Law360, March 31, 2025. See also Rae Ann Varona. "6th Circ. Upends Flagstar Bank Win In Overdraft Fees Suit." Law360, June 20, 2025. See also Emilie Ruscoe. "Cadence Bank Customers Seek Final OK For \$4.5M Fee Deal." Law360, April 25, 2025.

[4] Jon Hill. "CFPB Eyes Reversal Of Biden-Era In-House Proceeding Rules." Law360, May 12, 2025.

[5] The Consolidated Reports of Condition and Income, or call reports, are filed with the Federal Financial Institutions Examination Council. Consumer Financial Protection Bureau. "Data Point: Overdraft/NSF Fee Reliance Since 2015 – Evidence from Bank Call Reports." December 1, 2021. https://files.consumerfinance.gov/f/documents/cfpb_overdraft-call_report_2021-12.pdf. Credit union overdraft information is collected separately by the National Credit Union Administration and not contained in the call report data.

[6] Consumer Financial Protection Bureau. "Overdraft/NSF Revenue Down Nearly 50% Versus Pre-Pandemic Levels." May 24, 2023. <https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-overdraft-nsf-revenue-in-q4-2022-down-nearly-50-versus-pre-pandemic-levels/full-report/>.

[7] Not all banks charge overdraft fees, e.g., Capital One and Citi.

[8] Banking Dive. "Huntington to Cut Overdraft Fees from \$36 to \$15 Starting in July." March 9, 2022. <https://www.bankingdive.com/news/huntington-to-cut-overdraft-fees-from-36-to-15-starting-in-july/620078/>. See also Bank of America Newsroom. "Bank of America Consumer Overdraft Fees Drop 90% in June and July Following Industry Leading Changes." August 17, 2022. <https://newsroom.bankofamerica.com/content/newsroom/press-releases/2022/08/bank-of-america-consumer-overdraft-fees-drop-90--in-june-and-jul.html>. See also Consumer Financial Protection Bureau. "Overdraft/NSF Revenue Down Nearly 50% Versus Pre-Pandemic Levels." May 24, 2023. <https://www.consumerfinance.gov/data-research/research-reports/data-spotlight-overdraft-nsf-revenue-in-q4-2022-down-nearly-50-versus-pre-pandemic-levels/full-report/>.

[9] Where applicable, cushion amounts are rounded to the nearest dollar.

[10] Where applicable, cushion amounts are rounded to the nearest dollar.

[11] New York State Department of Financial Services. "Protecting Consumers: Governor Hochul Cracks Down on Exploitative Overdraft Fees Targeting Low-Income New Yorkers." Press release, January 22, 2025. https://www.dfs.ny.gov/reports_and_publications/press_releases/pr20250122.

[12] Tom Nawrocki. "California's Overdraft Fee Ban Takes Effect." PaymentsJournal, January 3, 2025. <https://www.paymentsjournal.com/californias-overdraft-fee-ban-takes-effect/>.