



# NEWS RELEASE

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## **ABA SURVEY: MORE CONSUMERS AVOID OVERDRAFT FEES**

*Nearly all who paid overdraft fees were glad their payment was covered*

WASHINGTON – Eighty-two percent of bank customers did not pay an overdraft fee in the previous twelve months, according to a new survey by the American Bankers Association. That figure is up two percent from 2008.

The annual survey of 1,000 consumers was conducted for the ABA by Ipsos-Reid, an independent market research firm, on August 14-16, 2009. The list of questions asked was designed to take a snapshot of current consumer trends.

“Once again, consumers have shown they can manage their bank accounts well and avoid paying fees,” said Nessa Feddis, ABA senior federal counsel and retail banking expert.

Of the 17 percent of consumers who did pay overdraft fees in the past 12 months:

- 36 percent said they paid just one;
- 10 percent said they paid two;
- 15 percent said they paid three;
- 13 percent said they paid four;
- 6 percent said they paid five;
- 11 percent said they paid between six and ten; and
- 5 percent said they paid more than ten.

Most consumers (77 percent) said the bank covered the check or debit payment that caused the overdraft fee, while 22 percent said their bank did not. Of those who did pay an overdraft fee in the past 12 months, almost all (96 percent) said they were glad the payment was covered. Four percent said they wished the bank had refused the payment.

“Clearly, consumers who pay overdraft fees are the minority, and that number is shrinking. More importantly, most consumers want banks to pay their overdrafts so they can avoid the inconvenience, embarrassment and potential costs of having a payment or transaction rejected,” Feddis said.

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“Anyone’s bank account can fall short from time to time,” Feddis said, “but overdraft fees are 100 percent avoidable. Just like a parking ticket, they’re meant to be a deterrent.”

ABA is committed to consumer financial literacy and offers the following tips to help consumers avoid paying overdraft fees:

1. **Use direct deposit for your paycheck.** You will have access to your paycheck immediately.
2. **Keep track of your balance and transactions and don’t forget about** automatic payments. Today, you can track balances and transactions online, by phone, or at the ATM, 24 hours a day. Some banks even offer mobile banking so you can check your balance on your cell phone. However, keep in mind that those balances will not reflect transactions you authorized that have not yet reached and been processed by your bank.
3. **Keep a “pad” or cushion of money in your checking account** just to be safe.
4. **Link your checking account to a savings account or credit card.** These are usually less expensive alternatives, but remember: credit cards have to be paid back on time and money is not automatically put back into your savings account when you deposit more money into your checking account.
5. **Ask your bank for an overdraft line of credit** that will cover you if you overdraw your account. Just be sure to pay it back as soon as you get the bill.
6. **Find out if your bank will allow you to “opt-out” of overdraft protection.** However, ABA surveys show that most consumers prefer having the security of knowing their transactions will be covered even if there is a fee.
7. **See if your bank offers automatic notification when your balance drops** below a certain level. You may be able to get notified by text message or email.
8. **Change banks** if your bank doesn’t offer the services you would like, or charges too much for overdrafts. There are literally thousands of banks competing for your business.

*The American Bankers Association brings together banks of all sizes and charters into one association. ABA works to enhance the competitiveness of the nation’s banking industry and strengthen America’s economy and communities. Its members – the majority of which are banks with less than \$125 million in assets – represent over 95 percent of the industry’s \$13.3 trillion in assets and employ over 2 million men and women.*