

March 24, 2022

Gregory B. Braca
 President and Chief Executive Officer
 TD Bank
 1701 Route 70 East
 Cherry Hill, New Jersey 08034

Mr. Braca:

We are encouraged by recent announcements from several financial institutions regarding changes to their overdraft policies. We applaud the actions taken by Capital One and Citi to eliminate overdraft fees, as well as Bank of America's decision to substantially reduce these fees. We urge TD Group to quickly follow their lead, and to also completely eliminate nonsufficient fund (NSF) fees, as Capital One, Citi, Wells Fargo and Bank of America have done. Financial institutions should do all they can to ensure working families keep their hard-earned money by significantly reforming their overdraft practices.

Overdraft and NSF fees are overwhelmingly borne by those Americans already living paycheck to paycheck. The Consumer Financial Protection Bureau (CFPB) found that nearly 80% of overdraft-related fees are charged to only 9% of accounts, who tend to carry low balances—averaging less than \$350—and have relatively low monthly deposits.¹ All told, the average consumer with overdraft coverage pays \$260 in overdraft and NSF fees each year.

These fees not only drain bank accounts, but also push consumers out of the banking system and into the arms of unscrupulous and unsupervised lenders who are all too willing to overcharge them for similar services. The result is that millions of Americans are underbanked or unbanked. According to the Federal Deposit Insurance Corporation (FDIC)'s latest Survey of Household Use of Banking and Financial Services, half of unbanked households previously had a bank account.² Of those unbanked households, 37.8% pointed to high or unpredictable fees or not having enough money to meet minimum balance requirements as the main reasons they no longer have a bank account.³ Overdraft fees harm many consumers so much that they either voluntarily opt out of the banking system⁴ or are driven out altogether by account closures.⁵

¹ "Data Point: Frequent Overdrafters," CFPB, August 2017

https://files.consumerfinance.gov/f/documents/201708_cfpb_data-point_frequent-overdrafters.pdf

² "How America Banks: Household Use of Banking and Financial Services – Appendix Tables," FDIC, 2019.

<https://www.fdic.gov/analysis/household-survey/2019appendix.pdf>, found in Appendix Table A.8.

³ Id.

⁴ "A Closer Look: Overdraft and the Impact of Opting-In," CFPB, January 2017

https://files.consumerfinance.gov/f/documents/201701_cfpb_Overdraft-and-Impact-of-Opting-In.pdf

⁵ Campbell, Dennis, F. Asis Martinez-Jerez, and Peter Tufano, "Bouncing Out of the Banking System: An Empirical Analysis of Involuntary Bank Account Closures," Journal of Banking & Finance 36, no. 4 (April 2012): 1224–1235.

Indeed, the CFPB has found that those who opt in to overdraft fees are more likely to have their accounts involuntarily closed than those who do not. Ultimately, by charging overdraft fees, financial institutions are undermining consumers' confidence in the banking system they need consumers to participate in.

We are hopeful that recent industry fee changes—which include eliminating NSF fees, providing a \$50 or \$100 cushion before charging an overdraft fee, providing a 24-hour grace period, and charging only one fee per day—mark the beginning of a shift towards a fairer and more transparent fee structure.

We write to urge TD Group to significantly reduce overdraft fees or eliminate them altogether. Additionally, we respectfully request TD Group to respond by April 7, 2022, detailing its plans to significantly reduce or eliminate overdraft fees.

Sincerely,



Sherrod Brown
Chairman



Raphael Warnock
Chairman
Subcommittee on Financial Institutions &
Consumer Protection



Cory A. Booker
U.S. Senator



Jack Reed
U.S. Senator



Chris Van Hollen
U.S. Senator