

Improving Consumer Experience: Progress and Opportunities 2013 Chicago Payments Symposium



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Checks and Balances: Measuring Checking Accounts' Safety and Transparency



- Based on prior research and policy recommendations, Pew identified best and good practices in three categories:
 - Disclosure
 - Overdraft
 - Dispute Resolution

Disclosure Best Practice:

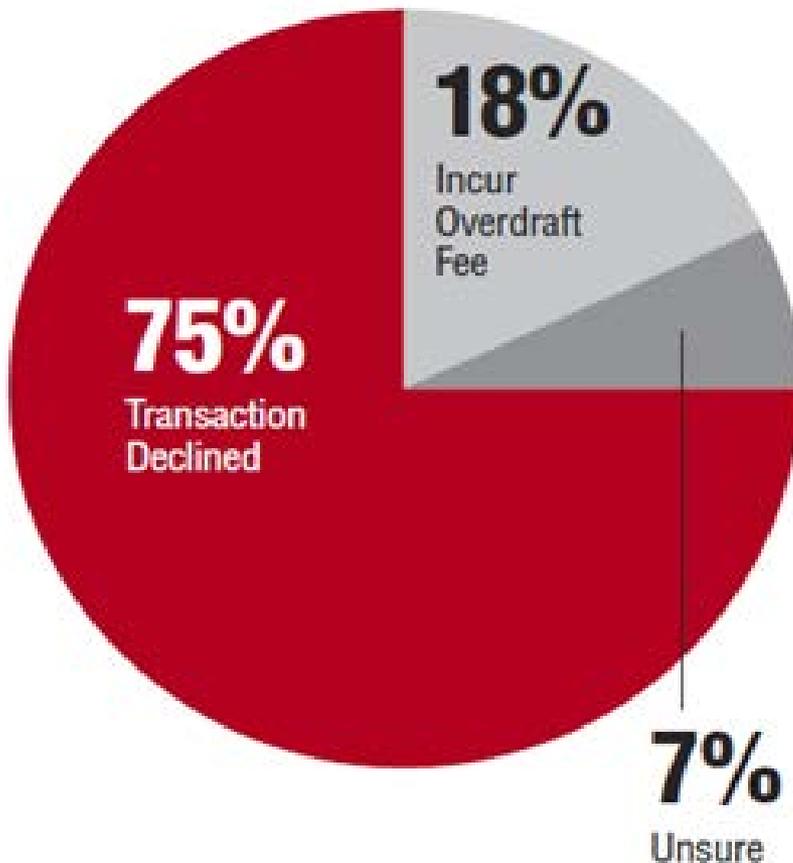


Pew's Model Disclosure Box for Checking Accounts

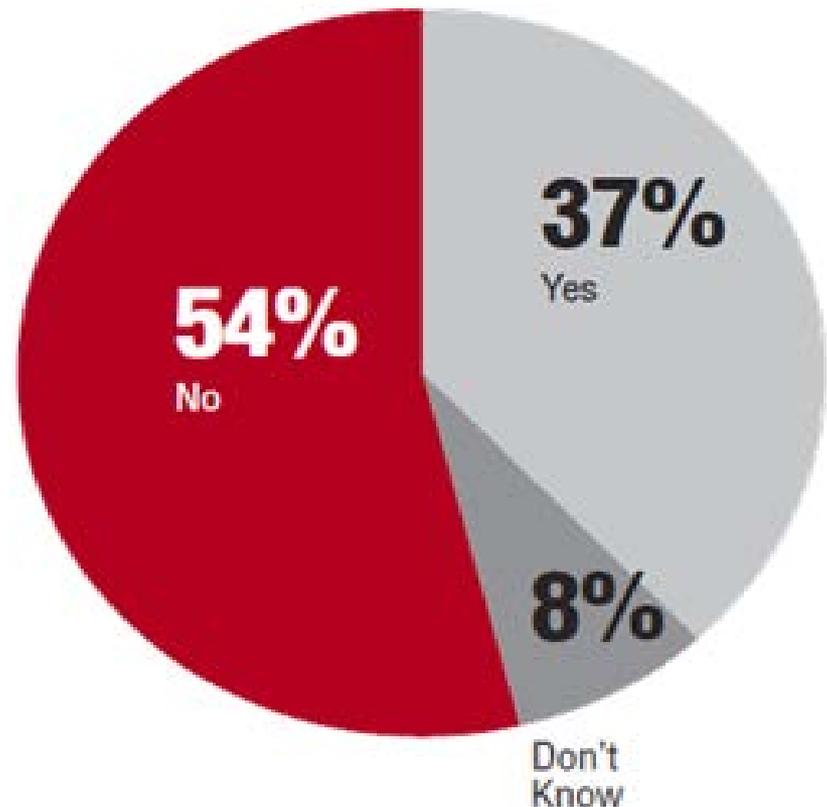
Account Opening and Usage	Minimum Deposit Needed to Open Account	\$	
	Monthly Fee	\$	
	Requirements to Waive Monthly Fee	\$	Minimum combined account balance, direct deposit, or other conditions
	Interest-Bearing	yes/no	
	ATM Fees	\$	for using an ATM in your institution's ATM network
		\$	for using an ATM outside of your institution's ATM network
	Non-Sufficient Funds (NSF) Fee	\$	per declined transaction made against insufficient funds
	Deposited Item Returned Fee	\$	for each item that you deposit that is rejected because the payor did not have enough money in their account
	Stop Payment Fee	\$	per item to stop payment for up to X months
	Account Closing Fee	\$	if account closed within Y days of opening
	Other Service Fees		Please consult the back of this document for a list of additional service fees.
Overdraft Options for Consumers with Debit Cards	Option A: (Default)	No Overdraft Service	If you choose not to opt in to any kind of overdraft service, transactions that would cause an overdraft will be declined at no cost to you.
	Option B: Overdraft Transfer Plan	Overdraft Transfer Fee	\$ per overdraft covered by a transfer from a linked savings account, line of credit, or credit card
		Overdraft Penalty Fee	\$ per overdraft covered by an advance from your financial institution
	Option C: Overdraft Penalty Plan	Maximum Number of Overdraft Penalty Fees per Day	You will only be charged this number of overdraft penalty fees per day, even if we elect to cover additional overdrafts.
		Minimum Amount Required to Trigger an Overdraft Penalty Fee	\$ if you are overdrawn by this amount or less, you will not incur an overdraft penalty fee.
		Extended Overdraft Penalty Fee	\$ charged every X day the account is overdrawn, starting Y days after the account is first overdrawn
Processing Policies	Posting Order The order in which withdrawals and deposits are processed		Summary of policy
	Deposit Hold Policy When funds deposited to your account are available		<ul style="list-style-type: none"> Cash deposit with teller: X business day Cash deposit at ATM: X business day Check deposit with Teller: X business day Check deposit at ATM: X business day Direct deposit: X business day Wire transfer: X business day <ul style="list-style-type: none"> If something causes a longer hold on a deposit, the first \$200 of that deposit will be made available either the same business day or the next business day. Funds from non-bank checks may take an extra business day to become available. <p>A "business day" is a non-holiday weekday. The end of a "business day" varies by financial institution and by branch. At branches, business days end no earlier than Y p.m. and at ATMs business days end no earlier than Z p.m.</p>
Dispute Resolution	Dispute Resolution Agreement		Summary of agreement

Overdraft America: Confusion and Concerns About Bank Practices

A large majority of overdrafters prefer having a transaction declined.



More than half of overdrafters did not believe they opted in to coverage.



Overdraft Best and Good Practices

Best:

- No ATM overdrafts
 - 17% of banks studied
- No debit POS overdrafts
 - 19% of banks studied
- No high to low transaction reordering
 - 47% of banks studied

Good:

- Limited high to low reordering
 - 67% of banks
- Threshold to trigger an overdraft
 - 58% of banks
 - \$5 median
- Grace period prior to overdraft
 - 28% of banks
 - 1 day median
- No extended overdraft fee
 - 44% of banks
 - \$12.50 median
- Limits on number of overdraft fees per day
 - 81% of banks
 - 5 per day median

Banking on Arbitration: Big Banks, Consumers, and Checking Account Dispute Resolution

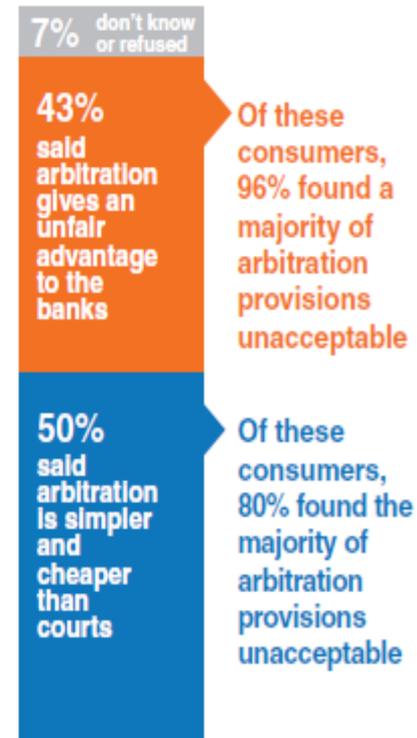
CONSUMERS ARE CONFLICTED ABOUT THE PROVISIONS OF ARBITRATION AND ITS GOALS

EXHIBIT 8:
GOAL:
PROTECTING AGAINST
FRIVOLOUS LAWSUITS



SOURCE: The Pew Charitable Trusts, 2012.

EXHIBIT 9:
GOAL:
BEING FASTER AND
CHEAPER THAN COURT



SOURCE: The Pew Charitable Trusts, 2012.

Arbitration Best and Good Practices

Best:

- No mandatory binding arbitration
 - 42% of banks studied
- No class-action lawsuit bans
 - 47% of banks studied
- No “loss, costs, and expenses” clauses
 - 72% of banks studied

Good:

- Arbitration Opt-Out
 - 58% of banks studied
 - 38 - median number of days once account is opened
 - Mostly in writing, buried in account agreement
- No jury trial waiver
 - 19% of banks studied
- Small claims exemption
 - 89% of banks studied

Research on General Purpose Reloadable Prepaid Cards



Pew reports on Prepaid Cards:

- Key Focus Group Findings on Prepaid Cards (April 2012)
- Loaded with Uncertainty: Are Prepaid Cards a Smart Alternative to Checking Accounts? (September 2012)
- Imperfect Protection: Using Money Transmitter Laws to Insure Prepaid Cards (March 2013)

www.pewstates.org/prepaid

Prepaid Card Reports' Key Findings:



- 1. The varying fee structures and disclosures for prepaid cards make comparison shopping very difficult.**
- 2. For consumers who overdraft even once per month, a prepaid card can be a much better deal for them than a checking account**
- 3. Significant gaps in consumer protections exist.**
- 4. FDIC Insurance does not necessarily apply to funds loaded onto GPR Prepaid Cards.**
- 5. Overdraft products are antithetical to the purpose of GPR prepaid cards and should not be offered.**

Fall 2013 Pew Reports



- State fact sheets based on *Checks and Balances*
- Survey of prepaid card users' attitudes and experience
- Loaded with Uncertainty 2 – another look at the disclosures and practices of prepaid cards