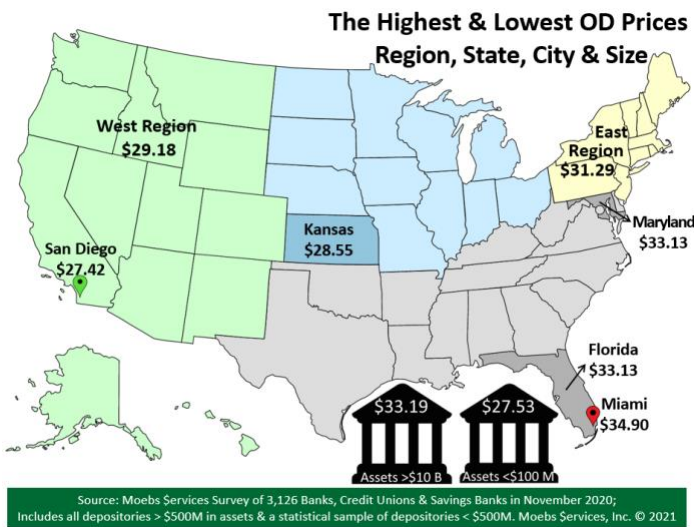


Good & Bad OD Fees

Community Banks & Large Credit Unions Lead the Way to Lower Priced ODs



Lake Forest, IL (January 18, 2021) The largest survey ever done on overdraft fees for banks, credit unions and savings banks reflects how overdrafts are changing.

Economic research firm Moebs Services reveals how overdrafts, the largest fee revenue source from consumers for depositories, are shifting from penalty pricing to error charges.

“This is a huge contrast in many decades for the overdraft business,” states Michael Moebs, CEO & Economist for Moebs Services. The average overdraft price at the largest financial institutions (FIs) increased to \$33.19. This is higher than ever before in the Moebs studies dating back to 1986 and Federal Reserve studies going back to the late 1950’s.

Strong Contrast in Size Leads the Way

The biggest FIs increased their overdraft prices to the highest ever at an average of \$33.19 for this group. This is up over a dollar from previous years. However, there are rays of light in this large group coming from the largest credit unions who maintained their overdraft price at a low of \$26.18. The difference of the CUs and the large banks at \$34.33, or a disparity of \$8.15 or 31% higher price, strongly suggests large banks need to decide if they want the transaction account (T-Acct) business or yield these accounts to credit unions.

The community banks, those less than \$100 Million in assets, are displacing their rival credit unions with an overdraft price at \$26.26 versus credit unions at \$28.40 per OD for this lower asset group. The community banks are offering a \$2.14 or 8.1% better deal than the credit union at these average prices.

So, if the consumer is shopping T-Accts they need to look for community banks or large credit unions with low fees.

Geography or Location Plays a Strong Contrast in the Overdraft Business

So, you live in Kansas and you are looking to move. You have several job offers which appear to be equal in compensation and benefits. Your mate, a follower of Moebs Services economic research, says the job/location decision should be made on the price of overdrafts since you make lots of ODs. You find out the following about overdrafts:

- The highest price by region is the East where overdrafts average \$31.29.
- The lowest regional price is in the West at \$29.18 per OD.
- Yet Kansas has the lowest average state price at \$28.55 versus Maryland or Florida which share the highest fee at \$33.13.
- The smallest fee of the major cities is San Diego at \$27.42 against the highest big city price of \$34.90 in Miami.

So, you decide to take the job offer in San Diego which is in the low price region of the country with a lower price than the State of Kansas where you live now. While San Diego is not as warm as Miami – you like warm weather, the average price difference of \$7.48 or 27% between these two cities is significant and you can save enough in OD charges to buy a sweater. Oh, and your mate said to get a T-Acct at a community bank or large CU in San Diego.

Summary Overdrafts are like buying a house: Location, Location, Location & Size.

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About Moebs Services

Since 1983, Moebs Services, Inc. independently collects statistically significant, primary, and secondary empirical data about financial institutions. Moebs Services is data, information, and intelligence. For more, please visit www.Moebs.com.