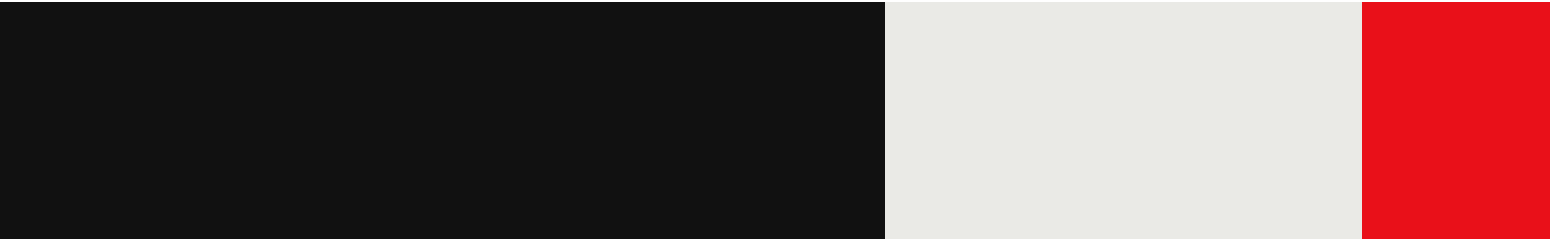



# BofA adds another anti-overdraft product, in latest challenge to neobanks

Article



**The news:** Bank of America is [adding](#) another offering meant to limit customers' exposure to overdraft fees. It also disclosed that its existing products are gaining traction.

The banking giant unveiled **Balance Connect**, which lets customers create a prioritized list of up to five outside accounts to automatically transfer funds from in case of an overdraft.

Separately, BofA disclosed milestones for the following:

- A no-overdraft-fee account, **SafeBalance Banking**, crossed the **3 million mark** for customers, with **accounts growing over 40% during the past year**.
- A lending program providing help with short-term liquidity, called **Balance Assist**, is slated to **pass the 100,000 mark** for loans. The offering was launched in select states in December 2020 before its national debut in March 2021.

**More on this:** The bank's rollout marks the latest sign of a growing backlash against overdraft fees in the US:

- **Legislation:** A [new state law](#) in New York requires banks that maintain checking accounts to pay checks by the order of their receipt. It also gives depositors with bounced checks because of insufficient funds the right to have smaller checks honored if a balance is large enough to cover them.
- **Market:** A growing number of banking players have rolled out liquidity assistance features that curb customers' exposure to overdrafts. The features are being offered by neobanks like [Chime](#) and [Varo](#), along with incumbents ranging such as [PNC](#) and [Fifth Third Bank](#).

**The bigger picture:** BofA's product reflects a growing trend by established banks blunting what has been a competitive advantage for digital challengers.

In recent months, incumbents have taken actions against the fees such as:

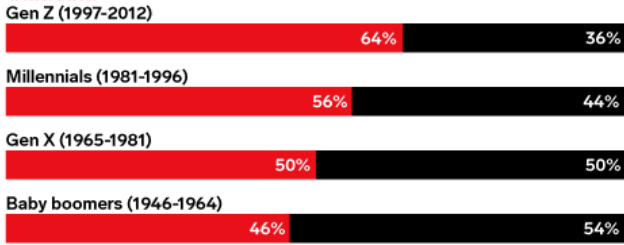
- **TD Bank's** no-fee checking account, [announced](#) in June, that [carries](#) a monthly cost for customers over 17.
- **Ally Bank's** [decision](#) to permanently ditch overdraft charges.
- **Huntington** [giving](#) customers direct-deposit access **up to two days** ahead of time.

The established players' approaches complicate neobanks' efforts to gain customers, particularly for persuading them to pick the challengers as their primary banks. Neobanks will also be hard pressed to come up with new ways to stand out with their products moving forward.

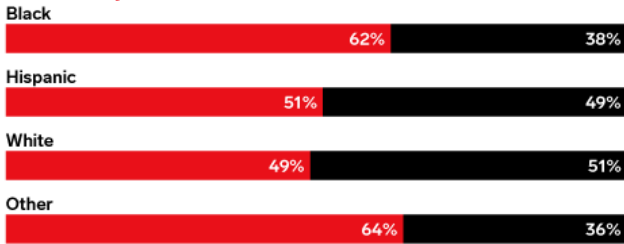
## Fairness of Overdraft Charges According to US Adults, June 2021

% of respondents

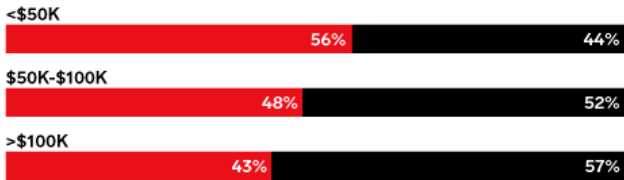
### Generation



### Race/ethnicity



### Income



### Total



■ Unfair ■ Fair

Note: n=2,200

Source: Morning Consult as cited in company blog, June 15, 2021

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