

Truist moves to a post-overdraft focus on customers who rely on the practice

Article

The news: Truist [plans](#) to launch two checking accounts without overdraft fees this summer, and has coupled that with axing most overdraft-related charges for existing customers in the

coming months.

More on this: One no-overdraft-fee product is called the **Truist One** checking account, with added features including:

- **A balance-based credit line of up to \$750**, which all eligible customers can get.
- **A negative balance buffer of \$100**, which is for qualifying customers.
- A premium rewards component.

Truist's other account, which doesn't carry a name, is designed as **an alternative to financial products like payday loans and checking cash**. The company added that it will **"bring many more households into mainstream banking, and create a pathway to upgrade to Truist One."**

The bank is also **getting rid of its existing fees for overdraft protection transfer, returned items, and negative account balances**. Truist estimates that all of its overdraft changes will **save its customers \$300 million annually by 2024**.

Brant Standridge, Truist's chief retail community banking officer, said the bank's changes were the result of a months-long process that began with asking customers for feedback. Standridge also stressed how the changes go beyond eschewing overdrafts, citing the credit-access and rewards features.

Trendspotting: Truist is the latest in [a slew of major US banks](#) to announce that it's limiting customers' overdraft exposure.

- **Wells Fargo [unveiled](#)** five changes last week, including the elimination of non-sufficient funds (NSF) fees, adding a 24-hour grace period, and short-term loans of up to \$500.
- Also last week, **Bank of America [announced](#)** that it would end its NSF fees while cutting its overdraft charge from \$35 to \$10.
- **JPMorgan Chase [said](#)** last month that it's ending its return-item charge and increasing the dollar amount that customers can overdraft before incurring fees.

The big takeaway: The breadth of Truist's changes show that it's not only looking to prune overdraft fees—it's also aiming to help the types of customers that [may have relied](#) on overdrafting their accounts to get short-term liquidity.

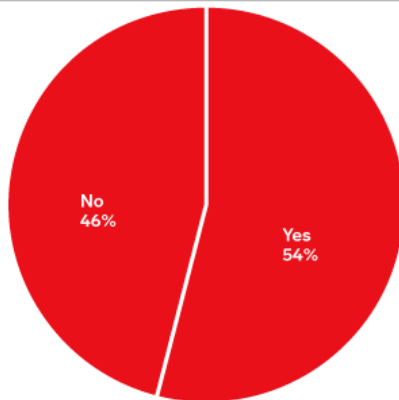
Offering deposit-based credit lines and a cash buffer are two important ways that the bank can transition people over to other sources of assistance. Additionally, adding a credit option for qualifying customers gives Truist a way to replace forgone fee income.

These changes give other banks a model for phasing out overdrafts while also ensuring that they don't leave certain customers trading one problem (the fees) for another (trouble paying their bills):

- This trade-off is why JPMorgan has refused to fully eliminate overdraft fees despite cutting exposure.
- The American Bankers Association (ABA) also voiced concern over moving away from overdraft fees in a letter to the Consumer Financial Protection Bureau (CFPB), which recently warned that it will crack down on the practice.

US Adults Who Have Been Charged an Overdraft Fee or Minimum Account Balance Fee by Their Primary Bank, Aug 2021

% of respondents



Note: n=4,314

Source: CivicScience as cited in company blog, Aug 17, 2021

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