

In June 2012, the Pew Safe Checking in the Electronic Age Project released *Still Risky: An Update on the Safety and Transparency of Checking Accounts*. This report examined the terms and conditions of 274 distinct checking accounts offered online by the 12 largest banks and 12 largest credit unions in the United States as of October 2011, and is a follow-up to Pew's 2011 report, *Hidden Risks: The Case for Safe and Transparent Checking Accounts*.

Consumers Need a Simple, Easy-to-Read Disclosure Box for Checking Accounts

Pew's Finding

Banks do not provide important policies and fee information in a concise and easy-to-understand format that allows customers to compare account terms and conditions among institutions. The median length of bank disclosures for checking account policies and fee information is 69 pages; for credit unions, the median length is 31 pages.

Pew's Policy Recommendation

The Consumer Financial Protection Bureau (CFPB) should require depository institutions to summarize information about checking account terms, conditions, and fees in a uniform, concise, and easy-to-read format that would be available both online and at branch locations.

Background

The range of the median length of bank disclosures is 21 to 153 pages and for credit unions is 9 to 53 pages. The disclosure of checking account terms and conditions is scattered across account agreements, fee schedules, account rules, supplements, addenda, and websites.

Lack of standard terminology makes it very difficult for consumers to compare terms and fees across institutions.

A simplified, standardized disclosure would reduce customer confusion and make it easier for institutions to compete on price and quality of products. Pew has developed a disclosure form (see reverse) that many banks and credit unions have adopted as a model and urges the CFPB to require this kind of disclosure to be provided both online and in the branches of all depository institutions.

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 <i>The order in which withdrawals and deposits are processed</i>		<i>Summary of policy</i>	
	Deposit Hold Policy <i>When funds deposited to your account are available</i>		<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 • 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><i>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.</i></p>	
Dispute Resolution	Dispute Resolution Agreement		<i>Summary of agreement</i>	