

March 27, 2025

The Honorable French Hill, Chairman

The Honorable Tim Scott, Chairman

The Honorable Maxine Waters
Ranking Member

The Honorable Elizabeth Warren
Ranking Member

Committee on Financial Services
US House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

Committee on Banking, Housing,
and Urban Affairs
US Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Hill, Ranking Member Waters, Chairman Scott, Ranking Member Warren, and Members of the Committee on Financial Services and the Committee on Banking, Housing, and Urban Affairs,

On behalf of the undersigned organizations, which advocate for millions of taxpayers, workers, and consumers across America, we urge you to support the approval of the Congressional Review Act (CRA) resolutions to overturn the Biden Administration's last-minute Final Rule on "Overdraft Lending: Very Large Financial Institutions."

This "midnight rule" was published in the Federal Register on December 30, 2024, soon after an election that made clear voter preferences to move in a different direction and is scheduled to take effect on October 1, 2025. If not overturned, this rule will force thousands of vulnerable Americans into more expensive financial services products, reducing long-term savings and increasing the potential for homelessness and other negative outcomes.

The new rule significantly reduces the levels that banks can charge for overdrafts. While this sounds positive, it would actually hurt the very customers that the CFPB was trying to protect by forcing banks to limit the availability of this service to lower income Americans, or to customers with lower credit scores. These individuals will be left with fewer options for accessing credit, such as payday loans, pawn shops, and other forms of high-interest credit.

Overdraft services provide an important service to all customers, but particularly to vulnerable Americans. Consumer surveys have shown that users of overdraft services view them positively and use them for important and necessary day-to-day purchases, with heavy users reporting that they lack credit alternatives.

The CFPB, in their mad dash at the end of the Biden Administration to make as many last-minute changes as possible, failed to fully analyze the possible cost and benefits of this proposed rule change and even admitted that there is “little reliable quantitative evidence” of how customers may react to this rule change.

On top of this, there is some question whether the CFPB even has the jurisdiction to issue this rule. The CFPB claimed that overdrafts are “loans”, which allows it to circumvent the jurisdiction of the Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency on bank account products and fees.

We strongly urge you to approve this CRA as soon as possible, so banking customers, regardless of their income or credit scores, maintain the ability to pay bills, build equity, and live the American Dream.

Thank you for your consideration. We stand ready to assist you with the passage of this critical pro-consumer legislation as soon as possible.

Sincerely,



Brandon Arnold
Executive Vice President
National Taxpayers Union



The American Consumer Institute
Center for Citizen Research
Steve Pociask
President & CEO
American Consumer Institute
Center for Citizen Research



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President
Center for a Free
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