For Immediate Release
California Reinvestment Coalition

crc

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Bank report card reveals true cost of checking products

San Francisco, March 14, 2011— Basic checking account products and fees at the nation's biggest banks are draining the account balances of California's low and moderate income ("LMI") communities, a new report by the California Reinvestment Coalition (CRC) finds. Checking accounts will become even less affordable for LMI communities as banks start to institute and test new fees.

Designed as a report card, *"Making the Grade: Are California's Biggest Banks Failing Consumers"* grades the six largest banks in California on a variety of "subjects" that affect LMI customers— e.g. branch placement, overdraft protection plans, payday products, transaction processing, and more. These six banks—Bank of America, JP Morgan Chase, Citibank, Union Bank, US Bank, and Wells Fargo Bank—represent a staggering 69.3% of the deposits in California. Unfortunately, despite their size, the news is not good for consumers.

Taking each bank's grade on the six "subjects" together, US Bank and Bank of America received the highest grades (C-) and Wells Fargo received the lowest grade (D-), while the other four banks received a meager D+.

"Banks are gobbling up consumer's account balances with exorbitant fees that are pushing people out of the financial mainstream and towards predatory lenders like check cashers," said Alan Fisher, Executive Director of the California Reinvestment Coalition. "Banks should value all of their customers and offer innovative products that can reach communities struggling during these tough economic times."

Each bank failed in at least two "subjects". Perhaps most concerning was the Comparative Analysis of Monthly Fee Impact (or, "CAMFI", a new tool developed by CRC), which found that LMI consumers can lose up to 48% of their monthly balance to checking account fees. Overdraft protection plans could cost customers upwards of $100 a day. Two of the banks—US Bank and Wells Fargo—offer predatory payday loan products. US Bank is the only bank that does not charge a fee for consumers using state-issued debit cards loaded with their public assistance benefits (Electronic Benefit Transfer, or "EBT").

"These results are shocking; I'd be highly displeased if my first grader came home with grades like these," said James Zahradka, Supervising Attorney at the Law Foundation of Silicon Valley and the Chair of CRC's Board of Directors. "Can't the biggest and richest banks in the country do better by their less affluent customers? These banks are draining the account balances of California's most underserved communities, while bank profits are rising, billions of dollars in compensation packages have been doled out to executives, and banks are testing new fees for basic checking accounts."

The report provides recommendations to banks that would incorporate the diverse needs of their consumers into their policies and fee structures. In addition, CRC encourages consumers to educate themselves about financial products and to report deceptive products and fees to the new Consumer Financial Protection Bureau. [For a detailed description of each bank's grade on the subject areas, please refer to the report at http://calreinvest.org/system/assets/242.pdf .]

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The California Reinvestment Coalition *advocates for the right of low-income communities and communities of color to have fair and equal access to banking and other financial services. CRC has a membership of more than 280 nonprofit organizations and public agencies across the State.*