

North Carolinians Paid More than \$600 Million in NSF/Overdraft Fees in 2006

An independent analysis of North Carolina bank and credit union reports conservatively estimates that, in 2006, North Carolinians paid \$652,000,000 in non-sufficient funds (NSF) or over-draft protection (ODP) fees to banks and credit union branches in the state.

Bretton Woods, Inc. analyzed the 2006 data which had been submitted to the U.S. FDIC and National Credit Union Administration¹. They found:

- Banks are estimated to have taken in \$538 million dollars through NSF/ODP fees from North Carolina consumers.
- North Carolina credit unions, including the Self Help Credit Union, which is affiliated with the Center for Responsible Lending (CRL), have together collected an estimated \$114 million dollars from their customers by way of NSF/ODP fees. In fact, following three straight years of losing fee income, North Carolina's credit unions had their first increase in 2006.

Of note:

- Payday loans, driven out of North Carolina in 2006 by groups like the Self Help Credit Union and CRL, frequently cost much less, and are always better-described in clearly discernable terms, than banks' and credit unions' lucrative NSF/ODP fees.
- National customer research shows that 66% of payday loan customers say they use the service to avoid bouncing checks.²
- The Durham-based CRL has asserted that eliminating payday lending saved North Carolina consumers \$93.5 million a year.³ The "savings" derived from the elimination of storefront payday lending in North Carolina are illusionary. The fees paid to banks and credit unions in North Carolina are not; more importantly – these are nearly seven times the amount ascribed to payday lending.⁴

About Bretton Woods Inc.

Bretton Woods Inc., is a well-respected Atlanta-based financial services firm serving small to mid-size financial institutions nationwide.⁵

Since 1998, it has monitored and analyzed banks and credit unions increasing use of "bounced check" fees, which are more formally known as non-sufficient funds (NSF) or over-draft protections (ODP). Although these fees are reported to federal regulators, they are obscured because they are combined within all other service charges reported by banks and with all fee income reported by credit unions.⁶

Bretton Woods' analysis is predicated upon well-accepted conservative assumptions to estimate the NSF/ODP fees embedded within these federal reports.

For additional information please contact Bretton Woods' Chief Executive Officer, G. Michael Flores.

¹ Actual bank and credit union data as reported to the FDIC and NCUA through the 3rd quarter of 2006 was annualized in this analysis.

² http://www.cfsa.net/customer_satisfaction_study.html

³ <http://www.blackpressusa.com/news/Article.asp?SID=3&Title=National+News&NewsID=6088>

⁴ Bretton Woods' estimated 2006 NSF fees as collected by NC banks and credit unions (\$652 million) / CRL's assertion that elimination of payday lending in NC (\$93.5 million) = 6.97 times the claimed "savings."

⁵ www.bretton-woods.com

⁶ See www.fdic.gov for banks and www.ncua.gov for credit unions.