

2009

FEE ANALYSIS
OF
BANK AND CREDIT UNION
NON-SUFFICIENT FUNDS AND OVERDRAFT
PROTECTION PROGRAMS ©

FEBRUARY, 2010



Bretton Woods, Inc.

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About Bretton Woods, Inc.

Bretton Woods, Inc. is a management advisory firm specializing in financial institutions. Since 1988, Bretton Woods, Inc. has provided value-added services to its clients by applying business, technology, core deposit and earnings improvement strategies.

The firm has analyzed Non-Sufficient Funds (NSF) and Overdraft Protection (OD) fees for banks since 1998.

About the Author

G. Michael Flores, CEO of Bretton Woods, has more than 30 years of financial institution experience through his employment in banking as well as consulting. Flores' consulting work focuses on the areas of strategic planning, fee income strategies, payment systems, process improvement and reengineering through enabling technologies.

Flores has spoken to industry groups and has authored several articles for industry publications. He has taught "*Enabling Technologies to Achieve Competitive Advantage*" at the Graduate School of Banking at the University of Wisconsin, Madison, Wisconsin and the Pacific Coast Banking School at the University of Washington, Seattle Washington. Additionally, he testified before Congress on short-term credit issues including bank overdrafts and payday loans.

Flores received a BBA in Accounting and Management from the University of Notre Dame in 1973 and in 1974 attended the Commercial Lending School at Georgia State University. He is a Certified Mediator with the Center for Dispute Resolution, Boulder, Colorado and also with the American Arbitration Association in Atlanta, Georgia and co-authored Alternatives to Litigation, on negotiating techniques and mediation skills. The book is published by the National Institute of Trial Advocacy, University of Notre Dame, Notre Dame, IN.

2009 Fee Analysis of Bank and Credit Union Non-Sufficient Funds and Overdraft Protection Programs

Executive Summary and Key Findings¹

Fee Income

- Bank and credit union income from non-sufficient funds (NSF) and overdraft (OD) fees exceed \$38 billion, which is an increase of \$3.5 billion (10%) over 2008 and an increase of 27% since 2005.
- NSF/OD fee income by state ranges from nearly \$34.5 million in Vermont to \$4.6 billion in California.

NSF/OD Transactions

- The average United States household with a bank account incurs 12.7 NSF/OD fees in 2009, up from 11.9 NSF/OD fees in 2008 – a 7% increase.
- Bank and credit union data used in Bretton Woods' modeling calculated 1.3 billion separate check and electronic NSF/OD items, an 8 % increase from 1.2 billion in 2008.

NSF/OD Prices

- The average NSF/OD price increased to an all-time high of \$29.58 from \$28.95 in 2008.

NSF/OD Cost per Household

- The national annual NSF/OD cost per household with checking accounts increased from \$343 in 2008 to \$376 in 2009, a 10% increase.
- Active households pay an average of \$1,504 in NSF/OD fees for a total of \$30.4 billion annually. Active households are defined as the 20.2 million households with bank or credit union checking accounts who write 1.03 million NSF/OD items, accounting for a majority of NSF/OD fees yearly.

¹ The research exhibited in this report is an update to Bretton Woods' analyses conducted in October 2004, February 2005, January 2007 and January 2008 to quantify NSF/OD (Non-Sufficient Funds/Overdraft Protection) fee trends in banks and credit unions. As in the 2008 report, Bretton Woods also analyzed the NSF/OD activity by state.

Contraction of Consumer Credit – Impact of Regulation E

- New Regulation E requirements (effective July 1, 2010) do not allow banks and credit unions to pay debit card and ATM transactions that would send an account into overdraft without either allowing the customer to opt-out at the time of the transaction or provide the financial institution evidence that the customer wishes to opt-in to paying these items into overdraft. As a result of the updated Regulation E requirements, Bretton Woods estimates OD income will decline by at least \$7.3 billion in 2010. Although the \$7.3 billion is annualized and Regulation E does not take effect until July 1, 2010, the largest banks in the United States representing a significant portion of deposits, have already modified their policies to comply with the new regulation.
- The \$7.3 billion reduction represents a 19% reduction of total NSF/OD fee income or a 34% decrease in just OD fees from the 2009 projected level.
- A projected overdraft fee reduction of \$7.3 billion in 2010 will translate into \$6.3 billion of denied credit since banks and credit unions will not be paying certain transaction into overdraft.

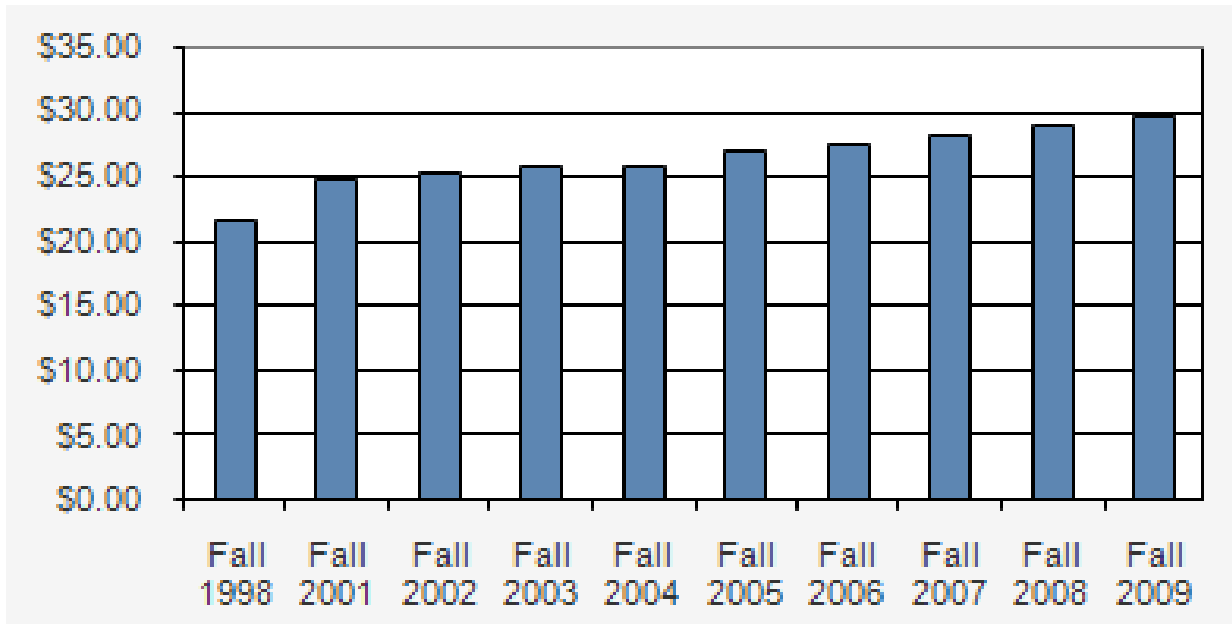
Alternative Financial Services

- The Alternative Financial Services (AFS) space - payday lenders, pawnshops, rent-to-own stores, and auto title lenders - are all sources for low-dollar/short-term credit. Of these options, payday loans are a form of unsecured credit and are compared to overdrafts.
- In states that permit payday loans, households with checking accounts pay up to 13% less in overdraft and insufficient fund fees than in states that prohibit payday loans.
- It is Bretton Woods' opinion that the difference among banks, credit unions and alternative financial services providers comes down to a choice based on product availability, cost, convenience and customer service.

National Findings and Analysis

NSF/OD Prices and Transactions On the Rise

From Bankrate.com²: "Nonsufficient funds (NSF), or bounced-check fees, rose 2.1 percent to an average \$29.58 from last year's \$28.95, according to our 2009 Checking Study. This represents just the latest in a long line of record high increases; the average fee was \$21.57 in 1998. The trend is obviously popular with banks as institutions increasing the NSF/OD fee outnumber those decreasing the fee by a margin of more than 8-to-1."



During the period from 2005-2009, not only did the average NSF/OD fee increase, but the number of debits presented against insufficient funds soared to 1.3 billion³ (checks and electronic), an increase of 18%.

	2005	2006	2007	2008	2009	5 Year Growth
Average NSF Price	\$27.04	\$27.40	\$28.23	\$28.95	\$29.58	9.4%
NSF/OD Fees Paid (\$ Billion)	\$29.8	\$31.7	\$34.1	\$34.7	\$38.0	27.5%
Total Number of NSF Items (Billions)	1.10	1.15	1.21	1.20	1.30	18.2%

² <http://www.bankrate.com/finance/checking/bounced-check-fees-hit-a-new-high-again.aspx>

³ The 1.3 billion in transactions is calculated by dividing the \$38 billion in NSF/OD fee income by the \$29.58 average NSF fee.

In total, 101 million households⁴ in the United States currently hold checking accounts and, on average, each household in the United States with a bank or credit union account incurs 12.7 NSF/OD items per year.⁵ With an average fee of \$29.58 per transaction, the average U.S. household paid \$376 in NSF/OD in 2009.

NSF/OD fee prices rose 2.0% from 2008 to 2009 (Consumer Price Index or CPI fell 0.4%) and 9.4% since 2005 (CPI rose 9%)⁶.

The top five banking companies, Bank of America, Wells Fargo, JP Morgan Chase, Citibank and US Bank account for 32% of all deposits in the United States.⁷ The following chart depicts the fees⁸ charged by these banks:

Company	Fee	Comment
Bank of America	\$35 each item	If we determine that your account is overdrawn by a total amount less than \$10 within a day, we do not charge Overdraft Item fees that day. (The standard Overdraft Item Fee is \$35. The standard NSF: Returned Item Fee of \$35 applies if we return the item unpaid.) Please note: you may be charged for a combination of no more than 4 overdraft and returned items per day. If we determine that your account has a negative balance for 5 consecutive business days, you receive an additional Extended Overdrawn Balance charge of \$35 on the sixth day.
Wells Fargo	\$25 first item \$35 thereafter \$5 continuous OD fee	Maximum of 10 charges per day. Continuous overdraft charge of \$5 per day from the 4 th to the 11 th calendar day

⁴ Claritas data.

⁵ 1.28 billion NSF items divided by 101 million households with checking accounts

⁶ Consumer Price Index – US Department of Labor, Bureau of Labor Statistics, <ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt>

⁷ FDIC June 2009 Summary of Deposits - <http://www2.fdic.gov/sod/sodSumReport.asp?barItem=3&InfoAsOf=2009>

⁸ Web survey, January 28, 2010

Company	Fee	Comment
JP Morgan Chase	\$34 per item \$15 extended overdraft fee (OD > 5 days)	We will not charge Insufficient Funds fees if your ending account balance is overdrawn by \$5.00 or less. For accounts opened in Nevada, when we receive more than one check on the same business day, we will pay the checks in check number order (from lowest to highest).
Citibank	\$34 per item	Fee will not be assessed more than 4 times per account per day. The fee may be charged whenever any fee or charge is deducted from your account and either causes your account to be overdrawn or increases the amount by which your account is overdrawn.
US Bank	1 occasion \$19.00 per item; 2-4 occasions \$35.00 per item; 5 or more occasions \$37.50 per item	Fees are subject to a daily maximum of 6 overdraft items paid and 6 overdraft items returned - a maximum total of 12 per day or \$424 per day

[Minority of Account Holders Pay Majority of NSF/OD Fees](#)

Using a standard Pareto analysis⁹, an estimated 20.2 million households, or about 20 percent of households with bank or credit union checking accounts, write the majority of NSF/OD items (1.03 billion), incurring \$30.4 billion in NSF/OD fees or approximately \$1,504 in fees per active household.

This data is backed up by a 2008 study by the FDIC finding that customers with 5 or more NSF/OD transactions accrued 93.4 percent of the total NSF/OD fees reported for the 12-month period. Customers with 10 or more NSF/OD transactions accrued 84 percent of the reported fees.¹⁰

[State-by-State Findings and Analysis](#)

At a state level, Bretton Woods calculated the NSF/OD income and NSF/OD income per households with bank accounts. While there are still anomalies in the District of Columbia and states such as Delaware, Nevada, South Dakota and Utah, due to how data is reported to the FDIC and NCUA, this is an attempt to reflect the differences at a state level from the national NSF/OD cost.¹¹

The national annual NSF/OD cost per household with checking accounts is approximately \$376. The chart on the following page details the estimated amount of NSF/OD fees collected by banks and credit unions in individual states, as well as the average annual NSF/OD cost per household with checking accounts per state.

⁹ The **Pareto principle** (also known as the **80-20 rule**, the **law of the vital few** and the **principle of factor sparsity**) states that, for many events, roughly 80% of the effects come from 20% of the causes. Business management thinker Joseph M. Juran suggested the principle and named it after Italian economist Vilfredo Pareto, who observed that 80% of income in Italy went to 20% of the population. It is a common rule of thumb in business; e.g., "80% of your sales come from 20% of your clients." Standard Pareto analysis (80/20 rule) supported by Bretton Woods experience and FDIC data

¹⁰ FDIC report

¹¹ Since FDIC and NCUA report data by the financial institution's headquarters, service charge income is skewed for certain states that headquarter large bank holding companies (e.g. North Carolina and New York). To adjust for this skewing, Bretton Woods obtained the deposits by state (FDIC reports these numbers based on the branches resident in the state) and calculated the ratio of states deposits to total deposits in the United States. This ratio was then applied to the service charge income to more reasonably determine the NSF/OD income and number of NSF items at the state level.

State	Allocated NSF/OD Income (\$000)	2009 Households		Average NSF/OD Fee	Average NSF/OD per Banked Household	NSF/OD Occurrences per Banked Household	Average NSF/OD per Active Household	NSF/OD Occurrences per Active Household
		Total	With DDAs					
Alabama	\$462,442	1,867,713	1,612,134	\$29.58	\$286.85	9.70	\$1,147.40	38.79
Alaska	\$126,230	247,663	222,437	\$29.58	\$567.49	19.18	\$2,269.95	76.74
Arizona	\$447,347	2,415,231	2,148,403	\$29.58	\$208.22	7.04	\$832.89	28.16
Arkansas	\$270,483	1,131,312	972,598	\$29.58	\$278.10	9.40	\$1,112.41	37.61
California	\$4,602,086	12,553,966	11,070,727	\$29.58	\$415.70	14.05	\$1,662.79	56.21
Colorado	\$480,098	1,909,037	1,696,144	\$29.58	\$283.05	9.57	\$1,132.21	38.28
Connecticut	\$326,501	1,346,850	1,190,333	\$29.58	\$274.29	9.27	\$1,097.17	37.09
Delaware	\$128,344	340,003	304,058	\$29.58	\$422.11	14.27	\$1,688.42	57.08
District of Columbia	\$469,597	260,749	219,511	\$29.58	\$2,139.29	72.32	\$8,557.15	289.29
Florida	\$2,062,623	7,458,092	6,638,771	\$29.58	\$310.69	10.50	\$1,242.77	42.01
Georgia	\$1,049,197	3,600,149	3,159,691	\$29.58	\$332.06	11.23	\$1,328.23	44.90
Hawaii	\$132,468	442,144	403,435	\$29.58	\$328.35	11.10	\$1,313.40	44.40
Idaho	\$96,494	567,995	507,221	\$29.58	\$190.24	6.43	\$760.96	25.73
Illinois	\$1,951,627	4,787,419	4,218,755	\$29.58	\$462.61	15.64	\$1,850.43	62.56
Indiana	\$495,936	2,491,917	2,166,991	\$29.58	\$228.86	7.74	\$915.44	30.95
Iowa	\$339,580	1,197,795	1,044,537	\$29.58	\$325.10	10.99	\$1,300.40	43.96
Kansas	\$294,783	1,085,567	946,295	\$29.58	\$311.51	10.53	\$1,246.05	42.12
Kentucky	\$385,637	1,731,384	1,491,556	\$29.58	\$258.55	8.74	\$1,034.19	34.96
Louisiana	\$432,049	1,685,517	1,445,021	\$29.58	\$298.99	10.11	\$1,195.97	40.43
Maine	\$219,268	555,250	487,269	\$29.58	\$449.99	15.21	\$1,799.98	60.85
Maryland	\$514,708	2,128,530	1,902,359	\$29.58	\$270.56	9.15	\$1,082.25	36.59
Massachusetts	\$672,626	2,504,234	2,203,562	\$29.58	\$305.24	10.32	\$1,220.98	41.28
Michigan	\$870,765	3,886,432	3,356,096	\$29.58	\$259.46	8.77	\$1,037.83	35.09
Minnesota	\$641,385	2,049,845	1,842,571	\$29.58	\$348.09	11.77	\$1,392.37	47.07
Mississippi	\$253,657	1,105,187	943,766	\$29.58	\$268.77	9.09	\$1,075.08	36.34
Missouri	\$663,728	2,354,198	2,051,870	\$29.58	\$323.47	10.94	\$1,293.90	43.74
Montana	\$94,501	390,043	345,110	\$29.58	\$273.83	9.26	\$1,095.32	37.03
Nebraska	\$248,854	701,132	609,550	\$29.58	\$408.26	13.80	\$1,633.03	55.21
Nevada	\$895,623	987,894	873,587	\$29.58	\$1,025.22	34.66	\$4,100.90	138.64
New Hampshire	\$103,457	515,887	461,969	\$29.58	\$223.95	7.57	\$895.79	30.28
New Jersey	\$984,613	3,178,888	2,804,230	\$29.58	\$351.12	11.87	\$1,404.47	47.48
New Mexico	\$131,789	762,688	663,557	\$29.58	\$198.61	6.71	\$794.44	26.86
New York	\$4,231,062	7,184,280	6,136,147	\$29.58	\$689.53	23.31	\$2,758.12	93.24
North Carolina	\$1,727,295	3,660,988	3,218,382	\$29.58	\$536.70	18.14	\$2,146.79	72.58
North Dakota	\$91,075	264,968	226,670	\$29.58	\$401.79	13.58	\$1,607.18	54.33
Ohio	\$1,178,424	4,563,201	3,945,108	\$29.58	\$298.71	10.10	\$1,194.82	40.39
Oklahoma	\$343,018	1,432,405	1,242,470	\$29.58	\$276.08	9.33	\$1,104.31	37.33
Oregon	\$292,803	1,495,882	1,334,331	\$29.58	\$219.44	7.42	\$877.75	29.67
Pennsylvania	\$1,318,844	4,907,949	4,373,619	\$29.58	\$301.55	10.19	\$1,206.18	40.78
Rhode Island	\$138,874	412,348	356,241	\$29.58	\$389.83	13.18	\$1,559.33	52.72
South Carolina	\$371,826	1,772,822	1,542,830	\$29.58	\$241.00	8.15	\$964.01	32.59
South Dakota	\$494,920	314,151	269,186	\$29.58	\$1,838.58	62.16	\$7,354.32	248.62
Tennessee	\$617,793	2,499,453	2,158,839	\$29.58	\$286.17	9.67	\$1,144.68	38.70
Texas	\$2,411,537	8,650,034	7,542,923	\$29.58	\$319.71	10.81	\$1,278.83	43.23
Utah	\$1,473,881	863,310	769,184	\$29.58	\$1,916.16	64.78	\$7,664.65	259.12
Vermont	\$34,563	253,344	223,883	\$29.58	\$154.38	5.22	\$617.52	20.88
Virginia	\$1,017,027	3,024,189	2,687,007	\$29.58	\$378.50	12.80	\$1,513.99	51.18
Washington	\$586,953	2,547,695	2,299,957	\$29.58	\$255.20	8.63	\$1,020.81	34.51
West Virginia	\$159,673	759,823	657,475	\$29.58	\$242.86	8.21	\$971.43	32.84
Wisconsin	\$638,859	2,244,127	1,984,882	\$29.58	\$321.86	10.88	\$1,287.45	43.52
Wyoming	\$65,543	214,423	191,822	\$29.58	\$341.69	11.55	\$1,366.74	46.20
TOTAL	\$38,042,466	115,306,103	101,165,070	\$29.58	\$376.04	12.71	\$1,504.17	50.85

The New Reality

[NSF/OD Fee Revenue May Have Peaked](#)

NSF/OD fees have been the single greatest component of bank and credit union profitability for the past several years. In 2009, banks and credit unions will have collected in excess of \$38 billion in NSF/OD fees from checking account holders.

Traditionally, banks and credit unions derive income from two sources, the net interest margin (difference between interest income and interest expense) and fees.

Given the pressure on earnings today in banks and credit unions, the focus has been to concentrate on fee income to offset the narrowing net interest margin. The increased use of formal overdraft protection programs by banks and credit unions have also maximized the fees earned by these organizations.

The FDIC survey on bank overdraft protection programs estimates 74% of reported service charge income is NSF/OD fees. Bretton Woods estimates 80% of credit union fee income comes from NSF/OD fees.¹²

Since banks and credit unions opened formal overdraft protection programs to ATM and debit card transactions, the earning have grown significantly but that is about to change.

Effective July 1, 2010, Regulation E will require banks and credit unions to have customers positively opt-in to authorize debit card overdrafts.¹³ With regard to ATM transactions, an opt-in is not required if the ATM can display a message allowing the customer to opt out of a transaction if that transaction will incur an OD fee.

[Impact of Regulation E on Loss of Fee Revenue](#)

By opening ATM and debit card transactions, the financial services industry transformed a value added service for consumers to a fee generating engine. New rules, will however, mean that service charge income for banks and fee income for credit unions will decline for the first time in recent history.

As a result of updated Regulation E requirements¹⁴ set to take effect July 1, 2010, Bretton Woods estimates OD income will decline by \$7.3 billion at a minimum.

¹² Due to the methodology by which credit unions report fee income, it is difficult to determine the exact dollars attributable to NSF fees. However, it is Bretton Woods' experience analyzing several credit unions over the past eight years that 80% of fee income can be attributed to NSF fees

¹³ Reg E administered by the FDIC, is part of the Electronic Fund Transfer Act, which establishes the basic rights, liabilities, and responsibilities of consumers who use electronic fund transfer services and of financial institutions that offer these services.

¹⁴ <http://www.federalreserve.gov/newsevents/press/bcreg/20091112a.htm> The Federal Reserve Board ... announced final rules that prohibit financial institutions from charging consumers fees for paying

Other estimates are significantly higher.¹⁵ The Bretton Woods' estimate is based on the following.

Already Bank of America and J.P. Morgan Chase have stopped paying debit card transactions into overdraft unless the customer has positively opted in to the program. As a result, Bank of America estimates up to \$200 million in loss fees in the 4th quarter 2009 (\$800 million annualized) and Chase estimates an annual \$500 million reduction of overdraft fees.¹⁶

All bank and credit unions will follow by July 1, 2010 when the updated Regulation E takes effect. In addition, Bretton Woods suggests that best practices will demand the posting of transactions in presentment, check number or time stamped order.

Bank Holding Company Name	State	Total Deposits		SC Income		NSF/OD 74%	Projected Reduction	% Reduction
		6/30/2009	%	9/30/2009	Annualized			
Bank of America, National Association	NC	\$817,989,321	10.2%	\$8,447,786	\$11,263,715	\$8,335,149	\$800,000	10%
JPMorgan Chase Bank, National Association	OH	\$618,124,000	7.7%	\$4,215,000	\$5,620,000	\$4,158,800	\$500,000	12%
Wachovia Bank, National Association	NC	\$394,189,004	4.9%					
Wells Fargo Bank, National Association	SD	\$325,417,000	4.0%					
Citibank, National Association	NV	\$265,947,879	3.3%					
U.S. Bank National Association	OH	\$151,902,585	1.9%					
All Other Banks		\$4,919,295,211	61.1%					
Total Bank Deposits		\$ 7,492,865,000	93.1%					
CU Deposits		\$ 559,347,521	6.9%					
Total USA Deposits		\$8,052,212,521	100.0%					

Bank of America and J.P. Morgan Chase account for 18% of all deposits in the U.S. that combined earned banks and credit unions \$38 billion in NSF/OD fees in 2009. Based on 2010 self-projected reductions in deposits of 10% for Bank of America and 12% for Chase, the two banks are expected to incur an 11% drop for a loss of \$1.3 billion in OD fees. A basic algebraic equation suggests the remaining banks and credit unions controlling 82% of all deposits will lose \$6.0 billion in OD fees for a total loss of \$7.3 billion.

Conservatively, Bretton Woods estimates that overdrafts account for 60% (\$22.8 billion annualized) of the combined fees. At a \$7.3 billion projected loss, then bank and credit union OD fees could be reduced by 34%.

Total NSF/OD fees are projected to be \$38 billion in 2009. The \$7.3 billion reduction represents a 19% reduction of total NSF/OD fee income from the 2009 projected level. Most industry estimates peg the overdraft fee loss at 15% - 25%.¹⁷

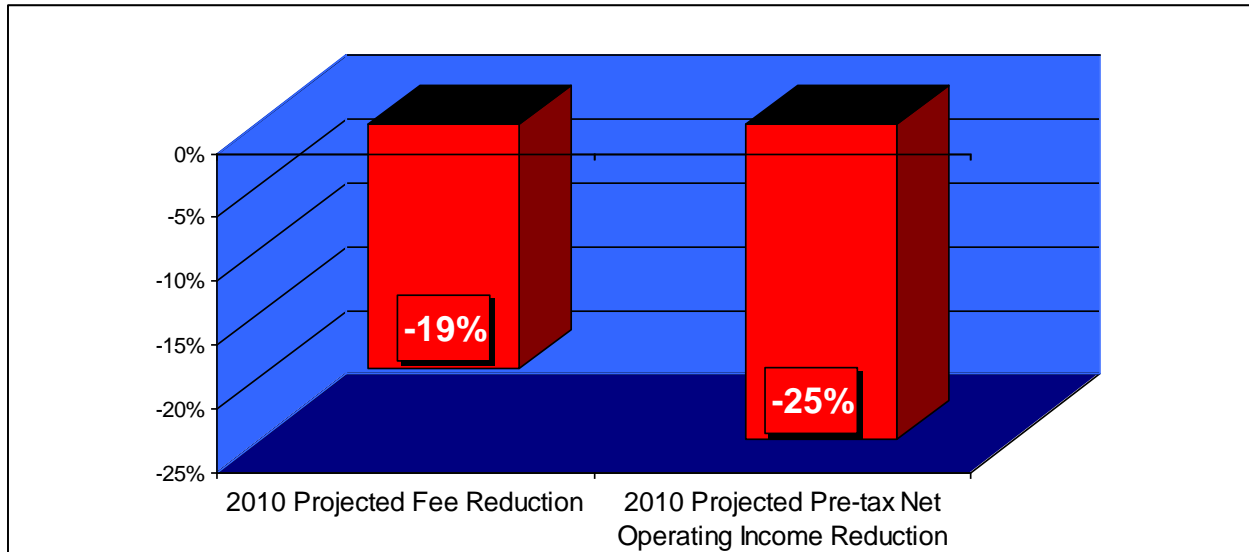
overdrafts on automated teller machine (ATM) and one-time debit card transactions, unless a consumer consents, or opts in, to the overdraft service for those types of transactions.

¹⁵ <http://online.wsj.com/article/SB10001424052748704162104574630360393559766.html>

¹⁶ American Banker article, *Overdrafts Undermining Checking*, on October 30, 2009

¹⁷ <http://www.arkansasbusiness.com/article.aspx?aID=119649.54928.131792&view=all>

Projected pre-tax net operating income for all banks and credit unions in 2009 is \$29.5 billion¹⁸. A reduction of \$7.3 billion represents a potential reduction of 26% of pre-tax net operating income¹⁹ from the 2009 level.



Contraction of Consumer Credit

By not paying as many debits into overdraft, there will be a direct reduction of short-term credit available to consumers.

Consider that in 2008 it was estimated that \$15 billion in principal overdrawn generated \$17.5 billion in overdraft fees for banks, thrifts and credit unions. In other words, the \$15 billion in credit extended cost consumers \$17.5 billion. The amount overdrawn represents 86% of the fees. If the impact of the projected overdraft fee reduction in 2010 is \$7.3 billion, then one would anticipate \$6.3 billion of denied credit (86% of the forgone fees).

In addition to new Regulation E requirements, critics of the financial services industry are pressuring Congress to limit NSF/OD fees to one per month or six per year. Under this proposal, a bank or credit union could pay more items into overdraft, but could not charge for these items. If this restriction becomes law, banks and credit unions will instead choose to return items, at a charge to customers, rather than paying the items through overdraft. In turn, customers will incur more costs due to second presentment fees, merchant NSF fee, late charges, etc.

¹⁸ Annualized credit union net income of \$2.4 billion (NCUA); Annualized bank pre-tax net operating income of \$27.1 billion (FDIC)

¹⁹ Based on 2009 pre-tax net operating income projection

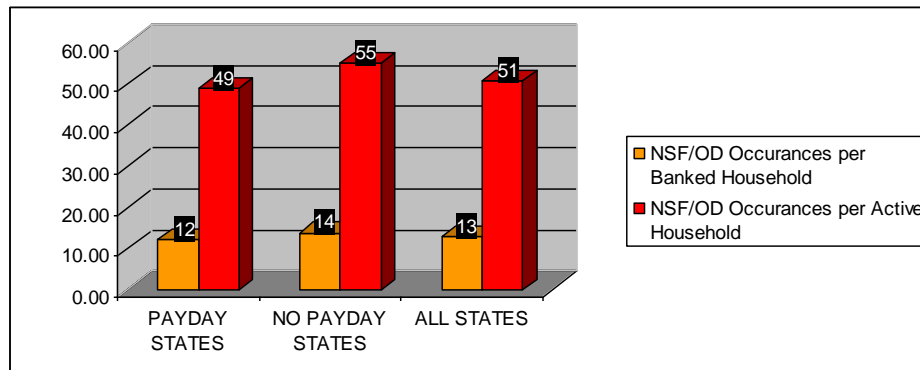
Changes to credit card rules from the Credit Card Accountability, Responsibility, and Disclosure (CARD) Act of 2009 and the recent downturn in the economy have led credit card companies in many cases to drastically reduce or eliminate consumers' lines of credit. In fact, in March, 2009, Meredith Whitney, CEO of *The Meredith Whitney Advisory Group*, predicted that \$2 trillion in lines would be cut in 2009 and another \$.7 trillion in 2010 for a total \$2.7 trillion (from a starting point of \$5 trillion). She estimated a 57% reduction in available lines²⁰. As a result, card companies cannot help meet the demand for short-term credit.

Undoubtedly, many consumers have and will continue to cut back on discretionary purchases. However, these small dollar credit needs are typically unexpected and there is an immediate need for these funds. Given the current state of the economy and unemployment rate, it is anticipated that the demand for this low dollar/short-term credit will grow.

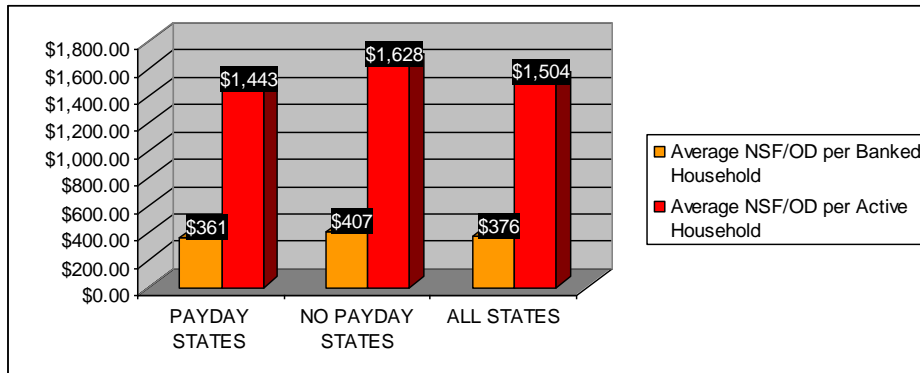
Alternative Financial Services

The Alternative Financial Services (AFS) space - payday lenders, pawnshops, rent-to-own stores, and auto title lenders - are all sources for low-dollar/short-term credit.

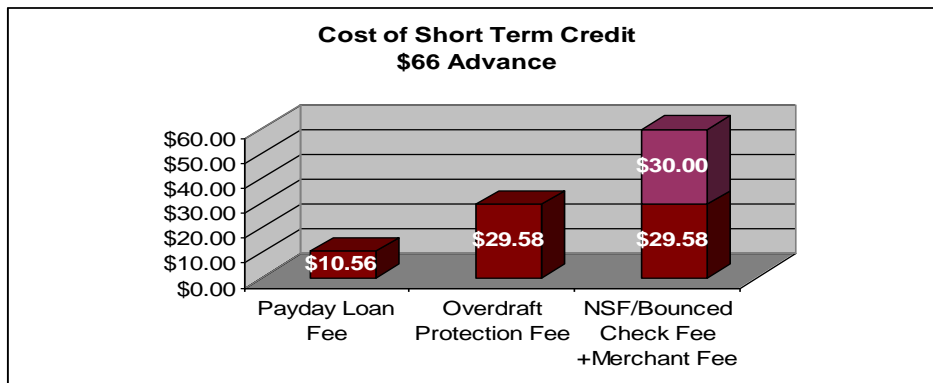
- One source of unsecured credit to meet this demand is the payday loan industry. In states that permit payday loans, households with checking accounts pay up to 13% less in overdraft and insufficient fund fees than in states that prohibit payday loans.



²⁰<http://online.wsj.com/article/SB123664459331878113.html>



By way of comparison, the cost of a similar credit advance for a \$66 NSF check²¹ proves that the payday loan advance is more cost effective than an overdraft. A \$66 credit advance will on average incur a \$10.56 payday loan fee, or a \$29.58 overdraft protection fee, or \$59.58 for a returned check fee and merchant NSF fee.



Mainstream Credit Products

Bank Products

Most banks are unlikely to meet this unmet credit demand due to their cost structure to underwrite individual small credits. Because of these constraints, many banks will not underwrite individual credits under \$5,000 and many will not offer individually underwritten unsecured loans to consumers.

Some banks, Wells Fargo, Fifth-Third, and US Bank, are offering payday like products that offer loans up to \$500 for a term up to 35 days. The cost of these

²¹ http://www.fdic.gov/bank/analytical/overdraft/FDIC138_Report_FinalTOC.pdf - The FDIC study determined the average NSF check was \$66.

loans is \$10 per \$100 advanced. While these tend to be less than payday lenders (\$15 per \$100 advanced), customers must have an account with a direct deposit for

a time period from one month to six months, in order to qualify. These loans are advertised at a 120% APR for 35 days but that rate applies only if the customer's direct deposits are scheduled on a 35 day basis. Consider Wells Fargo's explanation of its payday like product, "For example, if you receive your paycheck every two weeks, an outstanding advance and Finance Charge will be repaid on the same day the Bank receives the next paycheck that is electronically deposited after you took the advance, even if you took the advance only one or two days before your paycheck was deposited."²² If this were to occur, then the customer would pay a much higher APR on the loan.

Compared to banks, payday lenders can offer an advance to a new customer within thirty minutes. Additionally, payday lenders have more outlets than banks offering these short-term loans.

In 2009, during the course of unrelated projects, Bretton Woods conducted interviews in both bank branches and payday loan offices. Anecdotally, the staffs at payday loan offices tend to have a more in-depth understanding of the needs of their customers since this is the only product they sell, as opposed to bank office staffs who sell multiple financial products.

Credit Union Products

The latest reports from NCUA indicate that 488 credit unions (6.4% of all credit unions) now offer a payday loan type product and 949 credit unions offer micro lending. Including overdraft lines of credit and overdraft protection programs, the number of credit unions offerings short-term, low-dollar credit has increased 13% from 2008 and 18.5% since 2006.

	December-2006 % Chg		December-2007 % Chg		December-2008 % Chg		September-2009 % Chg	
Micro Consumer Loans	N/A		N/A		N/A		949	
Overdraft Lines of Credit	2,781		3,074	10.5	3,302	7.4	3,100	-6.1
Overdraft Protection	3,023		3,465	14.6	2,756	-20.5	2,812	2.0
Pay Day Loans	N/A		N/A		N/A		489	
TOTAL	5,804		6,539	12.7%	6,058	-7.4%	6,861	13.3%

A recent study, *Are Credit Unions Viable Providers of Short-term Credit?* by Victor Stango of the Graduate School of Management at the University of California, Davis²³ indicates that "... the risk-adjusted price of a credit union payday loan may not be lower on average than that on a standard payday loan. Second, the stringency of

²² https://www.wellsfargo.com/help/faqs/dda_faqs

²³ <http://faculty.gsm.ucdavis.edu/~vstango/>.

*credit union approval/repayment requirements may make credit union payday loans unattractive to current payday borrowers.*²⁴

Furthermore, the following are cited as other reasons consumers prefer traditional payday loan providers:

- *Credit unions' shorter hours of operation;*
- *A lack of privacy, relative to that conferred because standard payday loans "keep my payday borrowing separate from my other banking, for personal reasons";*
- *The fact that defaulting on a credit union payday loan harms one's credit score, while defaulting on a standard payday loan does not harm one's credit score.*

It is Bretton Woods' opinion that the difference among banks, credit unions and alternative financial services providers comes down to a choice based on product availability, cost, convenience and customer service.

²⁴ Report, February, 2010 - [Are Credit Unions Viable Providers of Short-term Credit?](#) by Victor Stango of the Graduate School of Management at the University of California, Davis

Methodology

Bretton Woods analyzed the size and scope of the NSF/OD market with the following methodology:

- The service charge/NSF income analysis was updated to the 2009 numbers from the FDIC (Federal Deposit Insurance Corporation)²⁵ and NCUA (National Credit Union Administration)
- SNL Financial provided 2009 financial statistics through Capital Performance Group, Washington, DC
- Claritas data of households and households with checking accounts by state²⁶
- ERIS data of households, population, median household income and per capita income²⁷
- FDIC Study of Bank Overdraft Programs, November 2008
- Bankrate.com 2009 bank product pricing survey

Since FDIC and NCUA report data by the financial institution's headquarters, service charge income is skewed for certain states that headquarter large bank holding companies (e.g. North Carolina and New York).

To adjust for this skewing, Bretton Woods obtained the deposits by state (FDIC reports these numbers based on the branches resident in the state) and calculated the ratio of states deposits to total deposits in the United States. This ratio was then applied to the service charge income to more reasonably determine the NSF/OD income and number of NSF/OD items at the state level.

This data was then utilized to logically calculate the NSF/OD usage patterns in 2009.

²⁵FDIC website, <http://www2.fdic.gov/sdi/main.asp>)

²⁶ Claritas data ordered and initially analyzed by Capital Performance Group, Washington, DC under contract to Bretton Woods, Inc.

²⁷ ESRI - Provider of GIS (geographic information system) modeling and mapping software and technology) data ordered and initially analyzed by Capital Performance Group, Washington, DC under contract to Bretton Woods, Inc.

Appendices

Data

The following data and calculations are the basis for this paper's NSF/OD analysis. The data sources are FDIC, Statistics on Depository Institutions, NCUA data for credit union statistics in the United States for 2009; SNF Financial, Bankrate.com, ESRI and Claritas.

Financial Institution and Household Data

- 8,833 - 2005 Financial Institutions (*FDIC Data*)
- 8,680 - 2006 Financial Institutions (*FDIC Data*)
- 8,534 - 2007 Financial Institutions (*FDIC Data*)
- 8,384 - 2008 Financial Institutions (*FDIC Data*)
- 8,099 - 2009 Financial Institutions (*FDIC Data*)

- 8,832 - 2005 Credit Unions (*NCUA Data*)
- 8,743 - 2006 Credit Unions (*NCUA Data*)
- 8,101 - 2007 Credit Unions (*NCUA Data*)
- 7,904 - 2008 Credit Unions (*NCUA Data*)
- 7,687 - 2009 Credit Unions (*NCUA Data*)

- 15,786 - 2009 Total Financial Institutions (Banks and Credit Unions)
- 115.3 million US households - (*2009 Claritas estimate*)
- 101.2 million households with checking accounts (*Claritas data*)
- 87.8% of US households with checking accounts - (*Claritas data*)

Financial Data

Banks

- \$34.5 billion - 2005 service charge income (*FDIC Data*)
- \$36.3 billion - 2006 service charge income (*FDIC Data*)
- \$39.2 billion - 2007 service charge income (*FDIC Data*)
- \$39.3 billion - 2008 service charge income (*FDIC Data*)
- \$43.8 billion - 2009 service charge income (*FDIC Data*)

Credit Unions

- \$5.5 billion - 2005 fee income (*NCUA Data*)
- \$5.9 billion - 2006 fee income (*NCUA Data*)
- \$6.4 billion - 2007 fee income (*NCUA Data*)
- \$6.9 billion - 2008 fee income (*NCUA Data*)
- \$7.0 billion - 2009 fee income (*NCUA Data*)

NSF Fee Survey (Bankrate.com)

- \$27.04 - 2005 Average NSF price
- \$27.40 - 2006 Average NSF price
- \$28.23 - 2007 Average NSF price
- \$28.95 - 2008 Average NSF price
- \$29.58 - 2009 Average NSF price

2009 NSF/OD Fee Analysis Report

Table 1 - National Analysis²⁸

	9/31/2009	2009 Annualized	12/31/2008	12/31/2007	12/31/2006	12/31/2005	% Change 2005 - 2009
BANKS & THRIFTS (FDIC and SNL Data)							
Number of bank and thrift institutions reporting	8099	8099	8305	8534	8680	8833	-8.3%
Total Assets	\$ 13,247,285,369	\$ 13,247,285,369	\$ 13,573,690,846	\$ 13,034,101,616	\$ 11,861,518,573	\$ 10,878,260,666	
Service charges on deposit accounts	\$32,883,066	\$ 43,844,088	\$ 39,307,763	\$ 39,219,428	\$ 36,299,831	\$ 34,450,355	27.3%
SC/Assets		0.33%	0.29%	0.30%	0.31%	0.32%	
Bank NSF/OD Income	74%	\$ 32,444,625	\$ 29,087,745	\$ 29,022,377	\$ 26,861,875	\$ 25,493,263	27.3%
<i>74% Source: FDIC</i>							
CREDIT UNIONS (NCUA and SNL Data)							
Number of credit unions reporting	7687	7687	7904	8101	8743	8832	-13.0%
Fee Income	\$5,247,976	\$ 6,997,301	\$ 6,884,612	\$ 6,382,973	\$ 5,905,248	\$ 5,463,709	
Credit Union NSF/OD Income	80%	\$ 5,597,841	\$ 5,507,690	\$ 5,106,378	\$ 4,724,198	\$ 4,370,967	28.1%
<i>80% Source: Bretton Woods, Inc. Estimate</i>							
TOTAL NSF/OD INCOME		\$ 38,042,466	\$ 34,595,434	\$ 34,128,755	\$ 31,586,073	\$ 29,864,230	27.4%
Average NSF Fee (Bankrate.com)		\$ 29.58	\$ 28.95	\$ 28.23	\$ 27.40	\$ 27.04	9.4%
Number of Occurrences (000's)		1,286,087	1,195,006	1,208,953	1,152,776	1,104,446	16.4%
Number of Households (000's) (ESRI)		115,306	116,385	112,378	111,617	111,091	3.8%
HOUSEHOLD IMPACT							
Number of Households with Bank Accounts (000's)		101,165	101,000	100,150	99,300		1.9%
NSF/Banked HH		12.7	11.8	12.1	11.6		9.5%
NSF/OD fees per banked household		\$ 376.04	\$ 342.53	\$ 340.78	\$ 318.09		
Active NSF Households (20% of banked households)		20,233	20,200	20,030	19,860		1.9%
Total NSF/OD fees per active banked household		\$ 30,433,973	\$ 27,676,348	\$ 27,303,004	\$ 25,268,859		20.4%
NSF's/OD's per active banking household		50.9	47.3	48.3	46.4		9.5%
NSF/OD fees per active household		\$ 1,504	\$ 1,370	\$ 1,363	\$ 1,272		18.2%

²⁸ Source: SNL Financial, LC, 2010; Claritas, 2009.

- Commercial banks & bank holding companies have been assigned to the state in which the top tier consolidated entity is headquartered. All financials are reported at this level.
- Includes all fees charged to members for services or membership (overdraft fees, ATM fees, credit card fees, etc.).

Table 2 - State Analysis²⁹

State	Banks & Bank Holding Companies ¹			Credit Unions			TOTAL
	Number of Institutions	Service Charge Income (\$000) ¹	NSF/OD Income @ 74%	Number of Institutions	NCUA Fee Income (\$000) ²	NSF/OD Income @ 80% (\$000)	NSF/OD Income (Annualized) (\$000)
Alabama	131	\$724,805	\$536,356	134	\$117,627	\$94,102	\$840,610
Alaska	4	\$7,348	\$5,438	12	\$53,067	\$42,454	\$63,855
Arizona	25	\$4,236	\$3,135	54	\$124,710	\$99,768	\$137,204
Arkansas	115	\$206,206	\$152,592	64	\$9,794	\$7,835	\$213,904
California	245	\$5,059,888	\$3,744,317	456	\$649,612	\$519,690	\$5,685,342
Colorado	94	\$89,625	\$66,323	110	\$74,100	\$59,280	\$167,470
Connecticut	26	\$90,024	\$66,618	140	\$35,668	\$28,534	\$126,870
Delaware	12	\$147,718	\$109,311	27	\$9,400	\$7,520	\$155,775
District of Columbia	4	\$2,625	\$1,943	50	\$28,163	\$22,530	\$32,631
Florida	233	\$168,003	\$124,322	179	\$340,281	\$272,225	\$528,729
Georgia	257	\$916,699	\$678,357	163	\$105,160	\$84,128	\$1,016,647
Hawaii	6	\$46,438	\$34,364	89	\$31,851	\$25,481	\$79,793
Idaho	14	\$10,127	\$7,494	59	\$28,617	\$22,894	\$40,517
Illinois	500	\$411,080	\$304,199	405	\$124,242	\$99,394	\$538,124
Indiana	99	\$196,584	\$145,472	200	\$116,180	\$92,944	\$317,888
Iowa	318	\$114,205	\$84,512	138	\$48,971	\$39,177	\$164,918
Kansas	309	\$138,738	\$102,666	106	\$39,840	\$31,872	\$179,384
Kentucky	163	\$174,748	\$129,314	90	\$40,319	\$32,255	\$215,425
Louisiana	132	\$157,767	\$116,748	227	\$70,789	\$56,631	\$231,172
Maine	14	\$372,783	\$275,859	67	\$30,160	\$24,128	\$399,983
Maryland	49	\$41,430	\$30,658	112	\$113,536	\$90,829	\$161,983
Massachusetts	62	\$93,129	\$68,915	219	\$100,050	\$80,040	\$198,607
Michigan	115	\$127,433	\$94,300	333	\$255,369	\$204,295	\$398,127
Minnesota	367	\$1,491,196	\$1,103,485	155	\$78,693	\$62,954	\$1,555,253
Mississippi	85	\$267,954	\$198,286	96	\$40,211	\$32,169	\$307,273
Missouri	296	\$496,079	\$367,098	143	\$72,525	\$58,020	\$566,825
Montana	65	\$57,191	\$42,321	59	\$17,709	\$14,167	\$75,318
Nebraska	214	\$71,924	\$53,224	72	\$22,388	\$17,910	\$94,846
Nevada	22	\$8,700	\$6,438	23	\$42,384	\$33,907	\$53,794
New Hampshire	10	\$7,040	\$5,210	23	\$25,464	\$20,371	\$34,108
New Jersey	69	\$67,867	\$50,222	211	\$45,341	\$36,273	\$115,326
New Mexico	40	\$35,778	\$26,476	51	\$39,506	\$31,605	\$77,441
New York	130	\$5,724,721	\$4,236,294	450	\$199,173	\$159,338	\$5,860,843
North Carolina	72	\$9,164,464	\$6,781,703	101	\$159,937	\$127,950	\$9,212,871
North Dakota	88	\$19,683	\$14,565	48	\$9,419	\$7,535	\$29,467
Ohio	147	\$1,048,701	\$776,039	393	\$145,459	\$116,367	\$1,189,875
Oklahoma	238	\$304,887	\$225,616	73	\$61,014	\$48,811	\$365,903
Oregon	32	\$53,218	\$39,381	82	\$69,859	\$55,887	\$127,025
Pennsylvania	142	\$1,316,535	\$974,236	556	\$141,156	\$112,925	\$1,449,548
Rhode Island	7	\$537,152	\$397,492	24	\$17,830	\$14,264	\$549,009
South Carolina	61	\$123,653	\$91,503	78	\$110,262	\$88,210	\$239,617
South Dakota	69	\$30,490	\$22,563	49	\$14,003	\$11,202	\$45,020
Tennessee	166	\$269,610	\$199,511	187	\$114,599	\$91,679	\$388,254
Texas	538	\$1,386,629	\$1,026,105	560	\$514,938	\$411,950	\$1,917,408
Utah	51	\$188,347	\$139,377	99	\$111,242	\$88,994	\$304,494
Vermont	10	\$9,717	\$7,191	29	\$15,296	\$12,237	\$25,903
Virginia	98	\$404,483	\$299,317	194	\$287,388	\$229,910	\$705,637
Washington	70	\$97,430	\$72,098	119	\$206,702	\$165,362	\$316,613
West Virginia	58	\$99,537	\$73,657	109	\$13,939	\$11,151	\$113,078
Wisconsin	236	\$292,394	\$216,372	238	\$112,130	\$89,704	\$408,101
Wyoming	29	\$6,047	\$4,475	31	\$11,903	\$9,522	\$18,663
TOTAL	6,337	\$32,883,066	\$24,333,469	7,687	\$5,247,976	\$4,198,381	\$38,042,466

²⁹ Source: SNL Financial, LC, 2010; Claritas, 2009.

- Commercial banks & bank holding companies have been assigned to the state in which the top tier consolidated entity is headquartered. All financials are reported at this level.
- Includes all fees charged to members for services or membership (overdraft fees, ATM fees, credit card fees, etc.).

Table 2 - State Analysis (continued)

State	Deposits at Resident Branches (\$millions)	% of Total Deposits	Allocated NSF/OD Income (\$'000)	2009 Households		Average NSF/OD Fee	Average NSF/OD per Banked Household	NSF/OD Occurrences per Banked Household	Average NSF/OD per Active Household	NSF/OD Occurrences per Active Household
				Total	With DDAs					
Alabama	\$79,622	1.2%	\$462,442	1,867,713	1,612,134	\$29.58	\$286.85	9.70	\$1,147.40	38.79
Alaska	\$21,734	0.3%	\$126,230	247,663	222,437	\$29.58	\$567.49	19.18	\$2,269.95	76.74
Arizona	\$77,023	1.2%	\$447,347	2,415,231	2,148,403	\$29.58	\$208.22	7.04	\$832.89	28.16
Arkansas	\$46,571	0.7%	\$270,483	1,131,312	972,598	\$29.58	\$278.10	9.40	\$1,112.41	37.61
California	\$792,375	12.1%	\$4,602,086	12,553,966	11,070,727	\$29.58	\$415.70	14.05	\$1,662.79	56.21
Colorado	\$82,662	1.3%	\$480,098	1,909,037	1,696,144	\$29.58	\$283.05	9.57	\$1,132.21	38.28
Connecticut	\$56,216	0.9%	\$326,501	1,346,850	1,190,333	\$29.58	\$274.29	9.27	\$1,097.17	37.09
Delaware	\$22,098	0.3%	\$128,344	340,003	304,058	\$29.58	\$422.11	14.27	\$1,688.42	57.08
District of Columbia	\$80,854	1.2%	\$469,597	260,749	219,511	\$29.58	\$2,139.29	72.32	\$8,557.15	289.29
Florida	\$355,137	5.4%	\$2,062,623	7,458,092	6,638,771	\$29.58	\$310.69	10.50	\$1,242.77	42.01
Georgia	\$180,648	2.8%	\$1,049,197	3,600,149	3,159,691	\$29.58	\$332.06	11.23	\$1,328.23	44.90
Hawaii	\$22,808	0.3%	\$132,468	442,144	403,435	\$29.58	\$328.35	11.10	\$1,313.40	44.40
Idaho	\$16,614	0.3%	\$96,494	567,995	507,221	\$29.58	\$190.24	6.43	\$760.96	25.73
Illinois	\$336,026	5.1%	\$1,951,627	4,787,419	4,218,755	\$29.58	\$462.61	15.64	\$1,850.43	62.56
Indiana	\$85,389	1.3%	\$495,936	2,491,917	2,166,991	\$29.58	\$228.86	7.74	\$915.44	30.95
Iowa	\$58,468	0.9%	\$339,580	1,197,795	1,044,537	\$29.58	\$325.10	10.99	\$1,300.40	43.96
Kansas	\$50,755	0.8%	\$294,783	1,085,567	946,295	\$29.58	\$311.51	10.53	\$1,246.05	42.12
Kentucky	\$66,398	1.0%	\$385,637	1,731,384	1,491,556	\$29.58	\$258.55	8.74	\$1,034.19	34.96
Louisiana	\$74,389	1.1%	\$432,049	1,685,517	1,445,021	\$29.58	\$298.99	10.11	\$1,195.97	40.43
Maine	\$37,753	0.6%	\$219,268	555,250	487,269	\$29.58	\$449.99	15.21	\$1,799.98	60.85
Maryland	\$88,621	1.4%	\$514,708	2,128,530	1,902,359	\$29.58	\$270.56	9.15	\$1,082.25	36.59
Massachusetts	\$115,811	1.8%	\$672,626	2,504,234	2,203,562	\$29.58	\$305.24	10.32	\$1,220.98	41.28
Michigan	\$149,926	2.3%	\$870,765	3,886,432	3,356,096	\$29.58	\$259.46	8.77	\$1,037.83	35.09
Minnesota	\$110,432	1.7%	\$641,385	2,049,845	1,842,571	\$29.58	\$348.09	11.77	\$1,392.37	47.07
Mississippi	\$43,674	0.7%	\$253,657	1,105,187	943,766	\$29.58	\$268.77	9.09	\$1,075.08	36.34
Missouri	\$114,279	1.7%	\$663,728	2,354,198	2,051,870	\$29.58	\$323.47	10.94	\$1,293.90	43.74
Montana	\$16,271	0.2%	\$94,501	390,043	345,110	\$29.58	\$273.83	9.26	\$1,095.32	37.03
Nebraska	\$42,847	0.7%	\$248,854	701,132	609,550	\$29.58	\$408.26	13.80	\$1,633.03	55.21
Nevada	\$154,206	2.4%	\$895,623	987,894	873,587	\$29.58	\$1,025.22	34.66	\$4,100.90	138.64
New Hampshire	\$17,813	0.3%	\$103,457	515,887	461,969	\$29.58	\$223.95	7.57	\$895.79	30.28
New Jersey	\$169,528	2.6%	\$984,613	3,178,888	2,804,230	\$29.58	\$351.12	11.87	\$1,404.47	47.48
New Mexico	\$22,691	0.3%	\$131,789	762,688	663,557	\$29.58	\$198.61	6.71	\$794.44	26.86
New York	\$728,493	11.1%	\$4,231,062	7,184,280	6,136,147	\$29.58	\$689.53	23.31	\$2,758.12	93.24
North Carolina	\$297,401	4.5%	\$1,727,295	3,660,988	3,218,382	\$29.58	\$536.70	18.14	\$2,146.79	72.58
North Dakota	\$15,681	0.2%	\$91,075	264,968	226,670	\$29.58	\$401.79	13.58	\$1,607.18	54.33
Ohio	\$202,898	3.1%	\$1,178,424	4,563,201	3,945,108	\$29.58	\$298.71	10.10	\$1,194.82	40.39
Oklahoma	\$59,060	0.9%	\$343,018	1,432,405	1,242,470	\$29.58	\$276.08	9.33	\$1,104.31	37.33
Oregon	\$50,414	0.8%	\$292,803	1,495,882	1,334,331	\$29.58	\$219.44	7.42	\$877.75	29.67
Pennsylvania	\$227,075	3.5%	\$1,318,844	4,907,949	4,373,619	\$29.58	\$301.55	10.19	\$1,206.18	40.78
Rhode Island	\$23,911	0.4%	\$138,874	412,348	356,241	\$29.58	\$389.83	13.18	\$1,559.33	52.72
South Carolina	\$64,020	1.0%	\$371,826	1,772,822	1,542,830	\$29.58	\$241.00	8.15	\$964.01	32.59
South Dakota	\$85,214	1.3%	\$494,920	314,151	269,186	\$29.58	\$1,838.58	62.16	\$7,354.32	248.62
Tennessee	\$106,370	1.6%	\$617,793	2,499,453	2,158,839	\$29.58	\$286.17	9.67	\$1,144.68	38.70
Texas	\$415,212	6.3%	\$2,411,537	8,650,034	7,542,923	\$29.58	\$319.71	10.81	\$1,278.83	43.23
Utah	\$253,769	3.9%	\$1,473,881	863,310	769,184	\$29.58	\$1,916.16	64.78	\$7,664.65	259.12
Vermont	\$5,951	0.1%	\$34,563	253,344	223,883	\$29.58	\$154.38	5.22	\$617.52	20.88
Virginia	\$175,109	2.7%	\$1,017,027	3,024,189	2,687,007	\$29.58	\$378.50	12.80	\$1,513.99	51.18
Washington	\$101,060	1.5%	\$586,953	2,547,695	2,299,957	\$29.58	\$255.20	8.63	\$1,020.81	34.51
West Virginia	\$27,492	0.4%	\$159,673	759,823	657,475	\$29.58	\$242.86	8.21	\$971.43	32.84
Wisconsin	\$109,997	1.7%	\$638,859	2,244,127	1,984,882	\$29.58	\$321.86	10.88	\$1,287.45	43.52
Wyoming	\$11,285	0.2%	\$65,543	214,423	191,822	\$29.58	\$341.69	11.55	\$1,366.74	46.20
TOTAL	\$6,550,051	100.0%	\$38,042,466	115,306,103	101,165,070	\$29.58	\$376.04	12.71	\$1,504.17	50.85

Table 3 – Payday versus Non-Payday States

State - Payday Allowed	TOTAL NSF/OD Income (Annualized) (\$000)	Fee Allocation			2009 Households		Average NSF/OD Fee	Average NSF/OD per Banked Household	NSF/OD Occurances per Banked Household	Average NSF/OD per Active Household	NSF/OD Occurances per Active Household
		Deposits at Resident Branches (\$millions)	% of Total Deposits	Allocated NSF/OD Income (\$000)	Total	With DDAs					
Alabama	\$840,610	\$79,622	1.2%	\$462,442	1,867,713	1,612,134	\$29.58	\$286.85	9.70	\$1,147.40	38.79
Alaska	\$63,855	\$21,734	0.3%	\$126,230	247,663	222,437	\$29.58	\$567.49	19.18	\$2,269.95	76.74
Arizona	\$137,204	\$77,023	1.2%	\$447,347	2,415,231	2,148,403	\$29.58	\$208.22	7.04	\$832.89	28.16
California	\$5,685,342	\$792,375	12.1%	\$4,602,086	12,553,966	11,070,727	\$29.58	\$415.70	14.05	\$1,662.79	56.21
Colorado	\$167,470	\$82,662	1.3%	\$480,098	1,909,037	1,696,144	\$29.58	\$283.05	9.57	\$1,132.21	38.28
Delaware	\$155,775	\$22,098	0.3%	\$128,344	340,003	304,058	\$29.58	\$422.11	14.27	\$1,688.42	57.08
Florida	\$528,729	\$355,137	5.4%	\$2,062,623	7,458,092	6,638,771	\$29.58	\$310.69	10.50	\$1,242.77	42.01
Hawaii	\$79,793	\$22,808	0.3%	\$132,468	442,144	403,435	\$29.58	\$328.35	11.10	\$1,313.40	44.40
Idaho	\$40,517	\$16,614	0.3%	\$96,494	567,995	507,221	\$29.58	\$190.24	6.43	\$760.96	25.73
Illinois	\$538,124	\$336,026	5.1%	\$1,951,627	4,787,419	4,218,755	\$29.58	\$462.61	15.64	\$1,850.43	62.56
Indiana	\$317,888	\$85,389	1.3%	\$495,936	2,491,917	2,166,991	\$29.58	\$228.86	7.74	\$915.44	30.95
Iowa	\$164,918	\$58,468	0.9%	\$339,580	1,197,795	1,044,537	\$29.58	\$325.10	10.99	\$1,300.40	43.96
Kansas	\$179,384	\$50,755	0.8%	\$294,783	1,085,567	946,295	\$29.58	\$311.51	10.53	\$1,246.05	42.12
Kentucky	\$215,425	\$66,398	1.0%	\$385,637	1,731,384	1,491,556	\$29.58	\$258.55	8.74	\$1,034.19	34.96
Louisiana	\$231,172	\$74,389	1.1%	\$432,049	1,685,517	1,445,021	\$29.58	\$298.99	10.11	\$1,195.97	40.43
Michigan	\$398,127	\$149,926	2.3%	\$870,765	3,886,432	3,356,096	\$29.58	\$259.46	8.77	\$1,037.83	35.09
Minnesota	\$1,555,253	\$110,432	1.7%	\$641,385	2,049,845	1,842,571	\$29.58	\$348.09	11.77	\$1,392.37	47.07
Mississippi	\$307,273	\$43,674	0.7%	\$253,657	1,105,187	943,766	\$29.58	\$268.77	9.09	\$1,075.08	36.34
Missouri	\$566,825	\$114,279	1.7%	\$663,728	2,354,198	2,051,870	\$29.58	\$323.47	10.94	\$1,293.90	43.74
Montana	\$75,318	\$16,271	0.2%	\$94,501	390,043	345,110	\$29.58	\$273.83	9.26	\$1,095.32	37.03
Nebraska	\$94,846	\$42,847	0.7%	\$248,854	701,132	609,550	\$29.58	\$408.26	13.80	\$1,633.03	55.21
Nevada	\$53,794	\$154,206	2.4%	\$895,623	987,894	873,587	\$29.58	\$1,025.22	34.66	\$4,100.90	138.64
New Mexico	\$77,441	\$22,691	0.3%	\$131,789	762,688	663,557	\$29.58	\$198.61	6.71	\$794.44	26.86
North Dakota	\$29,467	\$15,681	0.2%	\$91,075	264,968	226,670	\$29.58	\$401.79	13.58	\$1,607.18	54.33
Oklahoma	\$365,903	\$59,060	0.9%	\$343,018	1,432,405	1,242,470	\$29.58	\$276.08	9.33	\$1,104.31	37.33
Rhode Island	\$549,009	\$23,911	0.4%	\$138,874	412,348	356,241	\$29.58	\$389.83	13.18	\$1,559.33	52.72
South Carolina	\$239,617	\$64,020	1.0%	\$371,826	1,772,822	1,542,830	\$29.58	\$241.00	8.15	\$964.01	32.59
South Dakota	\$45,020	\$85,214	1.3%	\$494,920	314,151	269,186	\$29.58	\$1,838.58	62.16	\$7,354.32	248.62
Tennessee	\$388,254	\$106,370	1.6%	\$617,793	2,499,453	2,158,839	\$29.58	\$286.17	9.67	\$1,144.68	38.70
Texas	\$1,917,408	\$415,212	6.3%	\$2,411,537	8,650,034	7,542,923	\$29.58	\$319.71	10.81	\$1,278.83	43.23
Utah	\$304,494	\$253,769	3.9%	\$1,473,881	863,310	769,184	\$29.58	\$1,916.16	64.78	\$7,664.65	259.12
Virginia	\$705,637	\$175,109	2.7%	\$1,017,027	3,024,189	2,687,007	\$29.58	\$378.50	12.80	\$1,513.99	51.18
Washington	\$316,613	\$101,060	1.5%	\$586,953	2,547,995	2,299,957	\$29.58	\$255.20	8.63	\$1,020.81	34.51
Wisconsin	\$408,101	\$109,997	1.7%	\$638,859	2,244,127	1,984,882	\$29.58	\$321.86	10.88	\$1,287.45	43.52
Wyoming	\$18,663	\$11,285	0.2%	\$65,543	214,423	191,822	\$29.58	\$341.69	11.55	\$1,366.74	46.20
TOTAL	\$38,042,466	\$6,550,051	64.4%	\$24,489,354	77,258,787	67,874,603	\$29.58	\$360.80	12.20	\$1,443.21	48.79
State - Payday Banned											
Arkansas	\$213,904	\$46,571	0.7%	\$270,483	1,131,312	972,598	\$29.58	\$278.10	9.40	\$1,112.41	37.61
Connecticut	\$126,870	\$56,216	0.9%	\$326,501	1,346,850	1,190,333	\$29.58	\$274.29	9.27	\$1,097.17	37.09
District of Columbia	\$32,631	\$80,854	1.2%	\$469,597	260,749	219,511	\$29.58	\$2,139.29	72.32	\$8,557.15	289.29
Georgia	\$1,016,647	\$180,648	2.8%	\$1,049,197	3,600,149	3,159,691	\$29.58	\$332.06	11.23	\$1,328.23	44.90
Maine	\$399,983	\$37,753	0.6%	\$219,268	555,250	487,269	\$29.58	\$449.99	15.21	\$1,799.98	60.85
Maryland	\$161,983	\$88,621	1.4%	\$514,708	2,128,530	1,902,359	\$29.58	\$270.56	9.15	\$1,082.25	36.59
Massachusetts	\$198,607	\$115,811	1.8%	\$672,626	2,504,234	2,203,562	\$29.58	\$305.24	10.32	\$1,220.98	41.28
New Hampshire	\$34,108	\$17,813	0.3%	\$103,457	515,887	461,969	\$29.58	\$223.95	7.57	\$895.79	30.28
New Jersey	\$115,326	\$169,528	2.6%	\$984,613	3,178,888	2,804,230	\$29.58	\$351.12	11.87	\$1,404.47	47.48
New York	\$5,860,843	\$728,493	11.1%	\$4,231,062	7,184,280	6,136,147	\$29.58	\$689.53	23.31	\$2,758.12	93.24
North Carolina	\$9,212,871	\$297,401	4.5%	\$1,727,295	3,660,988	3,218,382	\$29.58	\$536.70	18.14	\$2,146.79	72.58
Ohio	\$1,189,875	\$202,898	3.1%	\$1,178,424	4,563,201	3,945,108	\$29.58	\$298.71	10.10	\$1,194.82	40.39
Oregon	\$127,025	\$50,414	0.8%	\$292,803	1,495,882	1,334,331	\$29.58	\$219.44	7.42	\$877.75	29.67
Pennsylvania	\$1,449,548	\$227,075	3.5%	\$1,318,844	4,907,949	4,373,619	\$29.58	\$301.55	10.19	\$1,206.18	40.78
Vermont	\$25,903	\$25,903	0.1%	\$34,563	253,344	223,883	\$29.58	\$154.38	5.22	\$617.52	20.88
West Virginia	\$113,078	\$27,492	0.4%	\$159,673	759,823	657,475	\$29.58	\$242.86	8.21	\$971.43	32.84
TOTAL	\$38,042,466	\$6,550,051	35.6%	\$13,553,113	38,047,316	33,290,467	\$29.58	\$407.12	13.76	\$1,628.47	55.05
Weighted Average	\$38,042,466	\$6,550,051	100.0%	\$38,042,466	115,306,103	101,165,070	\$29.58	\$376.04	12.71	\$1,504.17	50.85