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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

August 28, 2025

Paul Holewinski
Chief Executive Officer
Armed Forces Bank
320 Kansas Ave
Fort Leavenworth, KS 66027

Dear Mr. Holewinski:

On May 9, 2025, President Trump signed into law a Republican bill repealing the Consumer Financial Protection Bureau's (CFPB) Final Rule limiting most overdraft fees to \$5.¹ This will hurt working Americans already struggling to make ends meet, allowing banks to continue exploiting consumers with sky-high overdraft fees. Overdraft fees are the source of tens of millions of bank account closures, meaning this law will likely increase debanking,² running counter to President Trump's stated goal of reducing debanking.³ We write to request information on your bank's overdraft policies and profits from predatory overdraft fees.

Overdraft and non-sufficient fund (NSF) fees are "one of the most common exploitative mechanisms big banks use to target the poor."⁴ The CFPB found nearly twice as many consumers with incomes between \$35,001 and \$65,000 were charged overdraft and NSF fees (35%), versus consumers with incomes between \$100,000 and \$175,000 (18%).⁵ When consumers' finances are already stretched thin, exorbitant overdraft fees can cause other payments to bounce—leading to even more fees in a vicious circle that can "turn setbacks into

¹ Bloomberg Law, "Trump Signs Repeals of CFPB Overdraft, Digital Payment Rules," Evan Weinberger, May 9, <https://news.bloomberglaw.com/banking-law/trump-signs-repeals-of-cfpb-overdraft-digital-payment-rules>.

² Harvard Business School, "Bouncing Out of the Banking System: An Empirical Analysis of Involuntary Bank Account Closures," Dennis Campbell, Asis Martinez-Jerez, and Peter Tufano, April 2012, <https://www.hbs.edu/faculty/Pages/item.aspx?num=41390>; Consumer Financial Protection Bureau, Federal Register Notice, "Final Rule on Overdraft Lending: Very Large Financial Institutions," December 30, 2024, <https://www.federalregister.gov/documents/2024/12/30/2024-29699/overdraft-lending-very-large-financial-institutions#footnote-65-p106773>.

³ Executive Order 14331, "Guaranteeing Fair Banking for All Americans," August 7, 2025, <https://www.federalregister.gov/documents/2025/08/12/2025-15341/guaranteeing-fair-banking-for-all-americans>.

⁴ Business Insider, "Predatory banks rake in billions of dollars in overdraft fees from their poorest customers every year. The Consumer Financial Protection Bureau is trying to put a stop to it.," Paul Constant, December 11, 2021, <https://www.businessinsider.com/how-predatory-banks-rake-billions-overdraft-fees-against-poorest-users-2021-12>.

⁵ Consumer Financial Protection Bureau, "Overdraft and Nonsufficient Fund Fees," Giordano Palloni, Caroline Ratcliffe, and Jade Elkins, December 2023, p. 48, https://files.consumerfinance.gov/f/documents/cfpb_overdraft-nsf-report_2023-12.pdf.

crises.”⁶ The average consumer who pays overdraft fees gets hit with \$225 in these charges each year.⁷ Moreover, nearly 80 percent of overdraft-related fees are charged to less than 10 percent of accounts.⁸ Frequent over drafters tend to carry low balances—averaging less than \$350—and have relatively low monthly deposits.⁹ Ultimately, these fees form a “tax on the poor, an extraction from the country’s poorest Americans to its wealthiest banks.”¹⁰

Before the Trump Administration took over, the CFPB’s overdraft oversight was saving American families hundreds of millions of dollars: “Since the CFPB heightened its supervisory attention on overdraft and NSF fees in 2022, financial institutions agreed to refund nearly \$250 million to consumers.”¹¹ Building on that progress, the CFPB issued a final rule in December 2024 to require very large banks and credit unions with more than \$10 billion in assets to cap their overdraft fee at \$5 or the amount necessary for a bank to cover the cost of providing the service.¹² For covered banks and credit unions that instead used their overdraft policies as profit centers, the rule required them to disclose the terms of their overdraft loans, just like they’re already required to do for other loans like credit cards. As testimony before the Senate Banking, Housing and Urban Affairs Committee put it: “Economically, overdraft is a form of small dollar credit.”¹³ The rule closed the outdated loophole exempting overdraft from standard regulation around credit, which has “allowed many large banks to transform overdrafts into a massive junk fee harvesting machine.”¹⁴ Had President Trump and congressional Republicans not thrown out the CFPB’s final rule, these changes would have saved consumers up to \$3.5 billion in annual overdraft fees, or \$225 per household that pays these fees.¹⁵

⁶ Consumer Financial Protection Bureau, “Overdraft fees can price people out of banking,” Joe Valenti, March 30, 2022, <https://www.consumerfinance.gov/about-us/blog/overdraft-fees-can-price-people-out-of-banking/>

⁷ National Consumer Law Center, “Overdraft Rule Returns \$5 Billion in Big Bank Junk Fees to Consumers’ Pockets,” January 29, 2025, <https://www.nclc.org/resources/overdraft-rule-returns-5-billion-in-big-bank-junk-fees-to-consumers-pockets/>.

⁸ Consumer Financial Protection Bureau, “Data Point: Frequent Overdrafters,” August 2017, p. 5, https://files.consumerfinance.gov/f/documents/201708_cfpb_data-point_frequent-overdrafters.pdf.

⁹ Center for Responsible Lending, “Overdraft Fees: Banks Must Stop Gouging Consumers During the COVID-19 Crisis,” Peter Smith, Shezal Babar, and Rebecca Borne, June 2020, p. 3, <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-overdraft-covid19-jun2019.pdf>.

¹⁰ Vox, “Why do banks charge a fee for not having enough money?,” Tatiana Walk-Morris, October 25, 2021, <https://www.vox.com/22733050/overdraft-fees-bank-not-enough-money-why>.

¹¹ Consumer Financial Protection Bureau, “Supervisory Highlights,” December 20, 2024, p. 5, https://files.consumerfinance.gov/f/documents/cfpb_Supervisory-Highlights-Issue-37_Winter-2024.pdf.

¹² Consumer Financial Protection Bureau, “CFPB Proposes Rule to Close Bank Overdraft Loophole that Costs Americans Billions Each Year in Junk Fees,” January 17, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-proposes-rule-to-close-bank-overdraft-loophole-that-costs-americans-billions-each-year-in-junk-fees/>.

¹³ Senate Banking, Housing, and Urban Affairs Committee, “Examining Overdraft Fees and Their Effects on Working Families,” Testimony of Aaron Klein, May 4, 2022, <https://www.banking.senate.gov/imo/media/doc/Klein%20Testimony%205-4-22.pdf>.

¹⁴ Consumer Financial Protection Bureau, “CFPB Proposes Rule to Close Bank Overdraft Loophole that Costs Americans Billions Each Year in Junk Fees,” January 17, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-proposes-rule-to-close-bank-overdraft-loophole-that-costs-americans-billions-each-year-in-junk-fees/>.

¹⁵ *Id.*

When almost 40 percent of American households have less than \$400 in their bank accounts,¹⁶ prices for food, energy, and other essential items are rising rapidly, and Trump’s chaotic, half-baked policies are wreaking havoc on the economy, raising overdraft fees in the wake of the repeal of this rule would be inexcusable. These fees are not necessary for a bank’s survival: an increasing number of banks like Capital One, Citibank, Discover, and Ally have eliminated overdraft fees, proving that they can protect consumers without sacrificing profits.¹⁷ Small changes in bank practices such as posting debits before credits and providing consumers grace periods of up to 48 hours to cure an overdraft have been shown to make massive differences in the number of people who overdraft and the amount of overdraft revenue a bank generates.¹⁸

Publicly available documents show that Armed Forces Bank collected over \$9 million in 2024 alone in overdraft fees, accounting for 47 percent of its overall profits.¹⁹ Given our concerns, we request that your bank respond to the following questions by September 12, 2025.

1. Before congressional Republicans and President Trump overturned the CFPB’s final overdraft rule, had your bank developed plans to implement the rule? If not, why not?
 - a. If so, how much would you have expected the rule to decrease overdraft revenue per year?
2. How much does your bank expect to collect in overdraft and NSF fees this year, now that congressional Republicans and President Trump have overturned the CFPB’s rule?
3. How much in overdraft and NSF fees has your bank charged each of its customers, on average, for each of the last five calendar years?
 - a. What percentage of your bank’s customers were charged overdraft or NSF fees, for each of the last five calendar years?
 - b. What percentage of the overdraft and NSF fees that your bank collects are charged to the 10% of accounts that are charged the most in overdraft and NSF fees?
 - c. Please provide a breakdown by income level of the overdraft and NSF fees your bank charged its customers for each of the last five calendar years.
4. Please describe your bank’s overdraft and NSF fee policies.
 - a. Does your bank charge interest on overdue overdraft and NSF fees? If so, how much in interest does your bank charge on these fees? When does that interest begin to accrue?

¹⁶ Yahoo Finance, “How Much do Americans Have in Their Bank Accounts in 2025,” Gabrielle Olya, January 12, 2025, <https://finance.yahoo.com/news/much-money-americans-bank-accounts-120105182.html>.

¹⁷ CNN, “First on CNN: Citi is the first mega bank to kill overdraft fees,” Matt Egan, February 24, 2022, <https://www.cnn.com/2022/02/24/investing/citi-bank-overdraft-fees>; CNET, “Sick of Overdraft Fees? These Banks Don’t Charge Any,” David McMillin, March 2, 2025, <https://www.cnet.com/personal-finance/banking/best-banks-with-no-overdraft-fees/>.

¹⁸ Milken Review, “Getting Over Overdraft,” Aaron Klein, October 31, 2022, <https://www.milkenreview.org/articles/getting-over-overdraft>.

¹⁹ Federal Financial Institutions Examination Council, “Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices- FFIEC 031: Armed Forces Bank, National Association,” December 31, 2024, accessed via FFIEC database on August 26, 2025.

- b. Does your bank cap the amount that it will charge any individual customer, in overdraft or NSF fees? If so, what is the maximum amount that your bank will charge a customer in these fees?
 - c. If a maximum fee amount applies, what happens to a customer's account after that maximum amount is reached? Does your bank close the account?
 - d. How long is a consumer given to cure a negative account without triggering an overdraft fee?
 - e. Are credits always posted to a customer's account before debits?
5. How many accounts has your bank closed due to overdraft or NSF fees, in each of the last five calendar years?
6. Has your bank made any changes to its overdraft and NSF policies in the last five years? If so, please list and summarize each of those policy changes.
7. What changes does your bank intend to make to its overdraft and NSF policies within the next year?
8. Will your bank commit to not increasing overdraft or NSF fees, now that congressional Republicans and President Trump have overturned the CFPB's rule?

Sincerely,



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Richard Blumenthal
United States Senator



Bernard Sanders
United States Senator