

# United States Senate

WASHINGTON, DC 20510

March 21, 2023

The Honorable Jerome Powell  
Chair  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551

Todd M. Harper  
Chairman  
National Credit Union Administration  
1775 Duke Street  
Alexandra, VA 22314

The Honorable Michael J. Hsu  
Acting Comptroller of the Currency  
Office of the Comptroller of the Currency  
400 7th St. SW  
Washington, DC 20219

Martin J. Gruenberg  
Chairman  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington DC 20429

Dear Chairman Powell, Chairman Harper, Acting Comptroller Hsu, Chairman Gruenberg,

We write to urge you to provide relief for American consumers that are facing financial distress due to the disruption in payments by their financial institutions and payroll processors. We urge you to take action to assist Americans whose payments were delayed or missing in recent days as a result of the bank failures of Silicon Valley Bank (SVB) and Signature Bank. In particular, we urge you to place a brief moratorium—while the disruption in payments is resolved—on overdraft and nonsufficient fund fees for those that may have incurred these costly fees at no fault of their own.

Disruptions across the banking industry last week rattled consumers and threw into jeopardy the paychecks of millions of American workers. Across the country, people whose paydays fell between March 10 and March 13 were unable to receive or deposit checks from payroll providers banking with SVB and Signature Bank<sup>12</sup>. On the Friday following the collapse of SVB, online marketplace Etsy notified its 7.5 million merchants that they may face payment delays of “several business days” because it relied on SVB payment processing<sup>3</sup>. In an unrelated technical problem on Friday, a nationwide glitch left Wells Fargo customers with missing payments and

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<sup>1</sup> Variety, “SVB Collapse Hits Hollywood Payroll Firm Wrapbook, Which Says Payments Will Be Delayed by Bank’s Shutdown,” Todd Spangler, March 11, 2023, <https://variety.com/2023/digital/news/svb-failure-wrapbook-payroll-checks-delayed-1235550169/>.

<sup>2</sup> The American Lawyer, “Signature Bank’s Failure Prompts Alarm Bells for Law Firms,” March 14, 2023, <https://www.law.com/americanlawyer/2023/03/14/signature-banks-failure-prompts-alarm-bells-for-law-firms/?sreturn=20230216114342>.

<sup>3</sup> NBC News, “Etsy restores payment processing for some sellers affected by Silicon Valley Bank collapse,” Rob Wile, March 11, 2023, <https://www.nbcnews.com/business/business-news/etsy-delays-payments-sellers-due-silicon-valley-bank-collapse-rcna74475>.

incorrect balances<sup>4</sup>. We are just now learning whether some of those paydays that were scheduled for March 15 were similarly affected: as you well know, America’s slow payment system means that for money to be available to a consumer’s bank on the 15<sup>th</sup>, it must leave the company’s bank several days earlier. These delays will disproportionately harm the impacted customers who are part of the sixty-four percent of Americans living paycheck-to-paycheck,<sup>5</sup> who are often “minutes to hours away from having the money necessary to cover” expenses that lead to overdraft nonsufficient fund fees.<sup>6</sup>

Overdraft and nonsufficient fund practices have overwhelmingly targeted these Americans, costing vulnerable families \$15.5 billion annually prior to the pandemic . Following efforts by the Biden Administration and Congress to highlight the negative impacts of these practices on American consumers, several banks changed their policies<sup>7</sup> to reduce their reliance on overdraft, but millions of Americans can still face charges of up to \$111 a day for low account balances or up to \$175 a day on overdraft fees<sup>8</sup>. These fees compound the difficult financial situation customers find themselves in, particularly when their lack of funds is due to an unprecedented, unexpected delay.

On Sunday, March 12, the Treasury Department, the Federal Reserve, and the FDIC announced it would take steps to ensure that SVB and Signature Bank depositors over the \$250,000 FDIC-guarantee would be able to access all of their funds by the very next day<sup>9</sup>, and the Federal Reserve further announced new, one-year loans for banks facing liquidity issues<sup>10</sup>. In line with quick, decisive government response to assist the businesses and individuals who were helped immediately in order to contain the broader fallout of these bank failures, we urge you to act with similar urgency to backstop American families from unexpected and undeserved charges. Every single overdraft fee is paid by someone who ran out of money in their bank account. People living on the financial edge deserve protection from the consequences of bank misconduct.

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<sup>4</sup> Forbes, “Wells Fargo Customers Report Missed Paychecks Due To Apparent Glitch,” Nicholas Reimann, March 10, 2023, <https://www.forbes.com/sites/nicholasreimann/2023/03/10/wells-fargo-customers-report-missed-paychecks-due-to-apparent-glitch/?sh=e3260ad1ae2d>.

<sup>5</sup> CNBC, “64% of Americans are living paycheck to paycheck — here’s how to keep your budget in check,” Jessica Dickler, January 31, 2023, <https://www.cnbc.com/2023/01/31/share-of-americans-living-paycheck-to-paycheck-jumped-in-2022.html>.

<sup>6</sup> Brookings, “Getting over overdraft,” Aaron Klein, November 7, 2022, <https://www.brookings.edu/research/getting-over-overdraft/>.

<sup>7</sup> Consumer Financial Protection Bureau, “Banks’ overdraft/NSF fee revenue declines significantly compared to pre-pandemic levels,” February 7, 2023, <https://www.consumerfinance.gov/data-research/research-reports/banks-overdraft-nsf-fee-revenue-declines-significantly-compared-to-pre-pandemic-levels/>.

<sup>8</sup> Consumer Financial Protection Bureau, “Data Point: Overdraft/NSF Fee Reliance Since 2015- Evidence from Bank Call Reports,” Éva Nagypál, December 2022, [https://files.consumerfinance.gov/f/documents/cfpb\\_overdraft-chart\\_2023-02.pdf](https://files.consumerfinance.gov/f/documents/cfpb_overdraft-chart_2023-02.pdf)

<sup>9</sup> Joint Statement by Treasury, Federal Reserve, and FDIC, Released by Secretary of the Treasury Janet L. Yellen, Federal Reserve Board Chair Jerome H. Powell, and FDIC Chairman Martin J. Gruenberg, March 12, 2023, <https://www.federalreserve.gov/newsevents/pressreleases/monetary20230312b.htm>.

<sup>10</sup> Federal Reserve, “Federal Reserve Board announces it will make available additional funding to eligible depository institutions to help assure banks have the ability to meet the needs of all their depositors,” March 12, 2023, <https://www.federalreserve.gov/newsevents/pressreleases/monetary20230312a.htm>.

Thank you for your attention to this matter, and for helping to protect American consumers.

Sincerely,



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Cory A. Booker  
United States Senator



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Raphael Warnock  
United States Senator

CC: Janet Yellen, Secretary, Department of Treasury

CC: Rohit Chopra, Director, Consumer Financial Protection Bureau