



Consumer Financial
Protection Bureau

1700 G Street NW, Washington, DC 20552

MEMORANDUM

DOCKET: Overdraft Lending: Very Large Financial Institutions
Docket No. CFPB-2024-0002/ RIN 3170-AA42
89 FR 13852 (Feb 23, 2024)

DATE OF EX PARTE COMMUNICATION: May 13, 2024

SUBJECT: Meeting with New Jersey Bankers Association

PARTICIPANTS: John S. Fitzgerald, Magyar Bank
Steven M. Klein, Northfield Bank
Timothy J. Matteson, Lakeland Bank
Maria E. Mayshura, First Bank
Sean S. Murray, Fulton Bank
Joseph F. Rehm, Century Savings Bank
Tom Rogers, Federal Home Loan Bank of New York
Steven J. Tsimbinos, OceanFirst Bank
Michael P. Affuso, NJ Bankers Association
Brittany Wheeler, NJ Bankers Association
Virginia O'Neill, American Bankers Association
Jonathan Thessin, American Bankers Association

CFPB Staff: Larry Lee, Senior Counsel, Office of Regulations
Gregory Evans, Deputy Assistant Director, Office of Regulations
Trena Robinson, Industry Engagement & Relationship Specialist, Office of Private Sector Engagement

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On May 13, 2024, the representatives from the Bureau identified above met in person with members of the New Jersey Bankers Association to discuss various CFPB rulemaking topics. Although they were not listed on the agenda, two employees of the American Bankers Association were also in attendance. During the discussion, New Jersey Bankers Association members provided feedback related to the Bureau’s recently issued notice of proposed rulemaking on overdraft lending.

Joseph Rehm of Century Savings Bank expressed concern that the proposal might serve as a “price cap” on overdraft services. This was true, he noted, even for banks that would not be covered by the proposal (i.e., those with assets of \$10 billion or less), because such smaller banks would have to compete on overdraft pricing with very large financial institutions covered by the proposal. He also explained that his bank and other financial institutions often hire compliance professionals to assist and advise them. Mr. Rehm predicted that these compliance professionals would advise his bank to charge the same overdraft fee as what might be required for very large financial institutions as a best practice.

Several other members of the New Jersey Bankers Association agreed that it was positive that the Bureau’s proposal was intended to apply only to very large financial institutions, as they believe that smaller financial institutions better served the financial needs of their customers. The members disagreed, however, on whether the proposed definition of very large financial institution was appropriate. Steven Tsimbinos of OceanFirst Bank stated that his institution, which has approximately \$13 billion in assets, operated similarly to a community bank, where employees up to the CEO regularly interacted with customers.

Mr. Rehm expressed concern about the possible unintended consequences of the Bureau’s current and proposed regulatory requirements, including the overdraft proposal. In particular, he noted that the costs of new regulation might cause financial institutions to consider passing along such costs to customers through minimum balance requirements, monthly fees, or by other means. Mr. Rehm also expressed concern that new regulation that added costs to banking might lead to additional consumers being underbanked or unbanked.

Michael Affuso of the New Jersey Bankers Association applauded the proposal for “right-sizing” the proposed requirements to apply to very large financial institutions, and he expressed relief that the Bureau appeared to appreciate the stronger relationship that smaller financial institutions cultivated with their customers. Mr. Affuso also expressed concern more generally about the fixed costs of opening a bank account, and he noted that new regulations might risk increasing that cost.