

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

April 4, 2018

Mr. Brian T. Moynihan
Chairman and Chief Executive Officer
Bank of America
100 North Tryon Street
Charlotte, NC 28255

Dear Mr. Moynihan:

I am writing to learn more about Bank of America's decision to end its free "eBanking" service, which provided deposit accounts with no monthly fees to customers who conducted their business at ATMs and online.¹ The timing of this decision to terminate the offering of this service is particularly troubling because it occurred when the company has been earning record profits.

Nevertheless, Bank of America has decided to begin charging fees of \$150 a year on what used to be free checking accounts, purportedly to "streamline" its product offerings.² I understand that you have asserted customers can have these fees waived, if they maintain a minimum monthly balance of \$1,500, or contribute at least \$250 a month in direct deposits, which equates to at least \$3,000 a year. Though Bank of America has claimed that this service is "a great value,"³ these balance amounts can be prohibitively high for certain consumers.

While Bank of America is certainly not the only bank to terminate free checking accounts for its customers,⁴ it is one of the country's largest financial institutions that serves millions of America's consumers. Committee Chairman Hensarling has remarked that Dodd-Frank has caused banks to eliminate free checking.⁵ However, since the passage of Dodd-Frank, banks, including Bank of America, have earned record profits. As you noted in your proxy statement to stockholders on March 12, 2018, and published on Bank of America's public website, the company earned over \$18 billion in profits in 2017, which marked one of the most profitable years in the company's history.⁶ This trend of all-time high profits is presumably likely to continue due, in some part, to the estimated \$3.5 billion in tax benefits available to the company from the permanent corporate tax cuts from the passage of the tax reform law last year, which will also enable Bank of America to save billions more in future years.⁷ In addition to the historic profits made by the entire banking industry in this country in recent years, executive compensation has also jumped to levels last seen in 2006.⁸

Given this contradiction, I would like to understand the rationale behind this decision, which, given Bank of America's national footprint, could increase the number of unbanked consumers nationwide.

¹ Colin Dwyer, "Bank Of America Ends Free Checking Option, A Bastion For Low-Income Customers," NPR (Jan. 24, 2018), <https://www.npr.org/sections/thetwo-way/2018/01/24/580324251/bank-of-america-ends-free-checking-option-a-bastion-for-low-income-customers>.

² Deon Roberts, "Bank of America faces backlash for eliminating free checking account," Tampa Bay Times (Jan. 28, 2018), http://www.tampabay.com/news/business/banking/Bank-of-America-faces-backlash-for-eliminating-free-checking-account_164808655.

³ Rachel Louise Ensign, "Bank of America: No More Free Checking for Customers With Low Balances," Wall Street Journal (Jan. 22, 2018), <https://www.wsj.com/articles/bankofamerica-no-more-free-checking-for-customers-with-low-balances-1516625715>.

⁴ Gillian B. White, "Free Checking Is Basically a Thing of the Past," The Atlantic (Jan. 24, 2018), <https://www.theatlantic.com/business/archive/2018/01/free-checking-bank-of-america/551393/>.

⁵ See <https://financialservices.house.gov/news/documentsingle.aspx?DocumentID=400647>; see also <https://financialservices.house.gov/issueshome/issue/?IssueID=57976>.

⁶ Bank of America 2018 Proxy Statement, http://media.corporate-ir.net/media_files/IROL/71/71595/BOAM_2018_Proxy.pdf.

⁷ Jim Tankersly, "Banks Are Big Winners From Tax Cut," New York Times (Jan. 16, 2018), <https://www.nytimes.com/2018/01/16/us/politics/banks-are-big-winners-from-tax-cut.html>; Addy Baird, "How the White House and Wells Fargo are trying to manipulate you, in one chart," Think Progress (Dec. 21, 2017), <https://thinkprogress.org/goldman-report-tax-plan-759ec84f8eee/>.

⁸ Liz Hoffman, Christina Rexrode and Aaron Lucchetti, "Wall Street's Five CEOs Get Biggest Payday Since 2006," Wall Street Journal (Feb. 16, 2018), <https://www.wsj.com/articles/wall-streets-top-ceos-take-home-126-million-for-2017-1518807014>.

As you know, the Federal Deposit Insurance Corporation (FDIC) has conducted several national surveys of unbanked and underbanked households in this country. The FDIC defines a household as “unbanked” if no one in that household had a checking or savings account. It defines an “underbanked” household as one with an account at an insured depository institution but that also obtained financial services and products outside of the banking system. According to the FDIC’s most recent survey, approximately 9 million households, made up of 15.6 million adults and 7.6 million children, were unbanked in 2015. Approximately 24.5 million American households, about 51.1 million adults and 16.3 million children, were underbanked in 2015.⁹ These findings mean about 27 percent of all American households are either unbanked or underbanked. Bank of America’s decision to end its free checking will likely exponentially increase this unserved population.

Nationally-chartered and federally-insured depository institutions, like Bank of America, have obligations under the Community Reinvestment Act to serve low- and moderate-income consumers, the kinds of persons who would be most impacted by this decision. Therefore, I request written responses to the following questions:

1. Over the life of the “eBanking” program, what, if any, costs did Bank of America incur by providing the program?
2. Approximately how much revenue do you estimate Bank of America will generate in the next 10 years by charging your former free checking account customers \$150 per year?
3. Please describe the form, method and timeline of disclosing to “eBanking” customers of the effective termination of this free checking service.
4. It appears Bank of America switched customers enrolled in its “eBanking” accounts to one of the bank's more expensive accounts without giving customers the option to switch to other more affordable products. Is this an accurate characterization?
5. Given Bank of America’s obligations under the law, like the Community Reinvestment Act, please list all current products and services, along with any related fees and minimum balance requirements on them, which are marketed or otherwise offered to low-income consumers and communities in the United States. Please also include a similar list for any such products and services for the last 10 years, as well as any plans to offer such products and services in the near future.

Please give this matter your full and fair consideration. I look forward to your prompt responses.

Sincerely,



MAXINE WATERS
Ranking Member

⁹ 2015 FDIC National Survey of Unbanked and Underbanked Households, <https://www.fdic.gov/householdsurvey/>.