

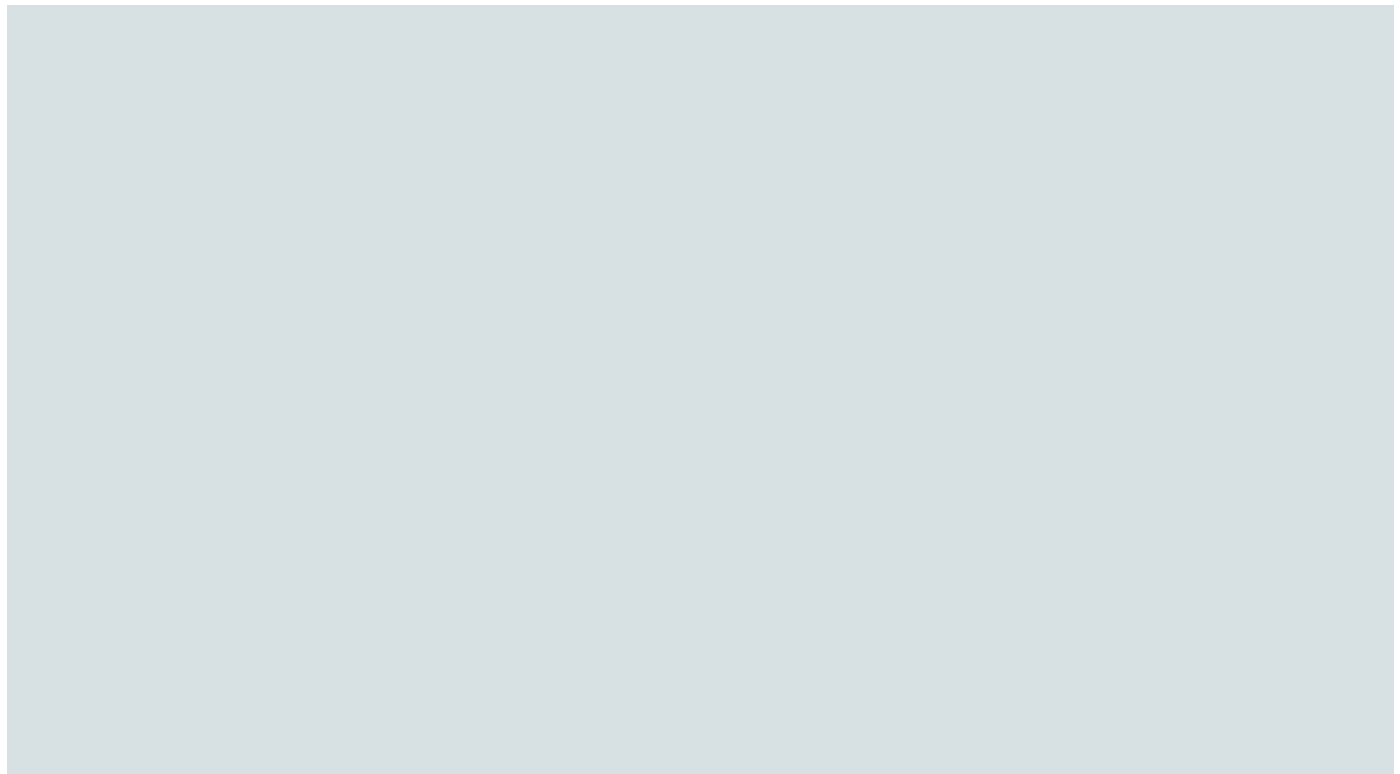
JPMorgan Chase reduces bank overdraft fees in bid for customers

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KEY POINTS

- The changes will have a "not insignificant" impact on bank revenue, co-CEO of the Chase segment of the company said.
- New changes will also allow customers to access direct deposit paychecks up to two days early.
- About 1% of JPMorgan's revenue has come from overdraft fees, according to estimates by analysts.

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Pedestrians pass in front of a JPMorgan & Chase bank branch automated teller machine (ATM) kiosk in downtown Chicago, Illinois.

Christopher Dilts | Bloomberg | Getty Images

[JPMorgan Chase](#) will give customers more leeway on overdrafts before charging fees, giving

up revenue in a bid to keep up with competitors and attract customers, it said on Wednesday.

Beginning next year it will give customers a full day to restore overdrawn balances and will allow them to tap funds from direct deposits of paychecks two days early, the bank said.

The moves, together with changes the bank initiated in August, will have a "not insignificant" impact on bank revenue, said Jenn Piepszak, co-CEO of the Chase segment of JPMorgan, who declined to be more specific in an interview.

JPMorgan's announcement comes after [Capital One](#) said last week that it will stop charging accounts for not having sufficient funds to cover drafts, a practice which has drawn scrutiny from the U.S. Consumer Financial Protection Bureau and other Washington officials.

About 1% of JPMorgan's revenue has come from overdraft fees, according to estimates by analysts, who have been expecting more banks to reduce the charges because of pressure from competitors and public officials.

At the least, banks are revising their overdraft rules to try to look better.

"We believe this set of changes puts us in a leadership position competitively," Piepszak said.

JPMorgan will still charge for advancing funds on overdrawn transactions that exceed its limits as long as customers have agreed to pay for the service and the bank believes it will be repaid.

JPMorgan could eliminate all fees on all overdrafts but that would come with bouncing more checks written by clients, Piepszak said.

Capital One said it will cover overdrafts for free for those who show a pattern of steady deposits and who don't go overdrawn frequently.

Banks have found, Piepszak noted, that many customers knowingly choose to overdraw accounts and incur fees because doing so is better than, for example, being late to pay a bill with its own late fees, such as a utility bill.

In August, JPMorgan began easing up on charges. The bank eliminated fees for bounced checks and it allowed customers to overdraw their accounts by \$50 before charging to cover the transactions.

Before those changes, JPMorgan was covering about 90% of overdraft transactions it received and charging fees on about two-thirds of those. Now half are incurring fees, Piepszak said.



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