



CBAI Urges the CFPB to Withdraw Its Flawed Overdraft Lending Proposal

In an April 1, 2024, comment letter to the Consumer Financial Protection Bureau (CFPB), the Community Bankers Association of Illinois (CBAI) responded to the Bureau’s flawed proposal regarding overdraft lending. This proposal is regulatory overreach because the Bureau is trying to reimagine paying overdrafts and charging fees as an extension of credit or a loan, which it is not. If the Bureau succeeds in this rulemaking, the practice of banks paying overdrafts and charging a fee would then be subject to all lending rules and regulations. The term “overdraft lending” in the title of this proposal is an oxymoron.

Another flaw in the proposal is that the CFPB ignores the consumers’ responsibility to maintain a positive *actual account balance* and not overdraw their accounts. Also, the Bureau is setting the asset exemption threshold at \$10 billion, which includes far too many community banks. No bank should be subject to this proposal, but if it is to advance, the Bureau should use its exemption authority to increase the asset threshold to \$50 or \$75 billion. Due to its many flaws, **CBAI strongly urges the Bureau to withdraw this proposal.**

[Read CBAI’s Comment Letter to the CFPB »](#)