



Highlights of [GAO-08-281](#), a report to the Chairwoman, Subcommittee on Financial Institutions and Consumer Credit, Committee on Financial Services, House of Representatives

### Why GAO Did This Study

In 2006, consumers paid over \$36 billion in fees associated with checking and savings accounts, raising questions about consumers' awareness of their accounts' terms and conditions. GAO was asked to review (1) trends in the types and amounts of checking and deposit account fees since 2000, (2) how federal banking regulators address such fees in their oversight of depository institutions, and (3) the extent that consumers are able to obtain account terms and conditions and disclosures of fees upon request prior to opening an account. GAO analyzed fee data from private data vendors, publicly available financial data, and information from federal regulators; reviewed federal laws and regulations; and used direct observation techniques at depository institutions nationwide.

### What GAO Recommends

To help ensure that consumers can make meaningful comparisons among depository institutions as intended by TISA, GAO recommends that the federal banking regulators assess the extent to which customers receive disclosures on fees, and account terms and conditions prior to opening an account and incorporate into their oversight, as needed, steps to assure that disclosures continue to be made available. The federal banking regulators agreed with GAO's recommendation and outlined responsive actions, including working on an interagency basis to revise Regulation DD examination procedures.

To view the full product, including the scope and methodology, click on [GAO-08-281](#). For more information, contact David G. Wood at (202) 512-8678 or [woodd@gao.gov](mailto:woodd@gao.gov).

## BANK FEES

### Federal Banking Regulators Could Better Ensure That Consumers Have Required Disclosure Documents Prior to Opening Checking or Savings Accounts

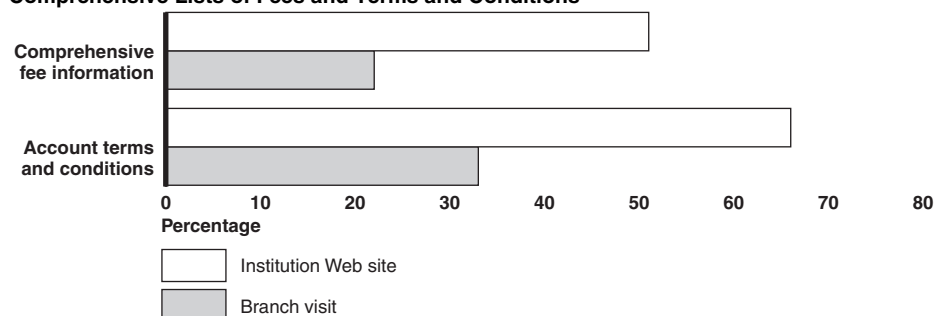
#### What GAO Found

Data from private vendors indicate that average fees for insufficient funds, overdrafts, returns of deposited items, and stop payment orders have risen by 10 percent or more since 2000, while others, such as monthly account maintenance fees, have declined. During this period, the portion of depository institutions income derived from noninterest sources—including fees on savings and checking accounts—varied but increased overall from 24 percent to 27 percent. Changes in both consumer behavior, such as making more payments electronically, and practices of depository institutions are likely influencing trends in fees, but their exact effects are unknown.

Federal banking regulators address fees associated with checking and savings accounts primarily by examining depository institutions' compliance with requirements, under the Truth in Savings Act (TISA) and its implementing regulations, to disclose fee information so that consumers can compare institutions. They also review customer complaints but do not assess whether fees are reasonable. The regulators received relatively fewer consumer complaints about fees and related disclosures—less than 5 percent of all complaints from 2002 to 2006—than about other bank products. During the same period, they cited 1,674 violations of fee-related disclosure regulations—about 335 annually among the 17,000 institutions they oversee.

GAO's visits to 185 branches of 154 depository institutions suggest that, despite the disclosure requirements, consumers may find it difficult to obtain information about checking and savings account fees. GAO staff posing as customers were unable to obtain detailed fee information and account terms and conditions at over one-fifth of visited branches and also could not find this information on many institutions' Web sites (see fig.). Federal regulators examine institutions' written policies, procedures, and documents but do not determine whether consumers actually receive disclosure documents. While consumers may consider factors besides costs when shopping for accounts, an inability to obtain information about terms, conditions, and fees hinders their ability to compare institutions.

**Percent of Depository Institution Branches and Web Sites at Which GAO Could Not Obtain Comprehensive Lists of Fees and Terms and Conditions**



Source: GAO.