

## Corporate & Financial Weekly Digest

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### **FDIC Releases Proposed Guidance on Overdraft Payment Programs**

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On August 11, the Federal Deposit Insurance Corporation (FDIC) released proposed guidance affecting all FDIC-supervised institutions regarding automated overdraft payment programs (Proposal). The Proposal focuses on ways for banks to monitor their overdraft programs for chronic or excessive use by consumers. It also addresses compliance and safety and soundness issues related to overdraft programs.

Included in the Proposal is a requirement that the bank's board and management regularly review their overdraft programs' features and operation as well as a requirement to impose daily limits on a customer's costs related to overdrafts.

Ad hoc overdrafts, however, are not covered by the Proposal (i.e., those occasions where a bank employee infrequently uses his discretion in a specific instance to pay an item or not).

New rules adopted by the Board of Governors of the Federal Reserve System regarding account overdrafts addressed only overdraft fees charged to consumers to cover automated teller machine and point-of-sale overdrafts.

For more information, click [here](#).

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