



## Overdraft Fees Hit All-Time High, Interest Checking Account Balance Requirements Soar

*ATM Fees Down from 2020: Atlanta Has Highest, Los Angeles Has Lowest*

NEW YORK – October 20, 2021 – At a time when more than half of Americans are living paycheck-to-paycheck, overdraft (NSF) charges are at a new record high of \$33.58, up slightly from \$33.47 last year, according to Bankrate.com’s annual Checking Account and ATM Fee Study. Further, for interest checking accounts, the average balance to avoid the monthly fee soared 31% from last year’s record high of \$7,550.42 to a new record of \$9,896.81 while average yields fell to a new record low (0.03%). The study has surveyed non-interest and interest accounts and their associated fees for over 20 years. Click here for more information:

<https://www.bankrate.com/banking/checking/checking-account-survey/>

### Overdraft (NSF) Fees

The average cost to overdraw a checking account, or the average fee for non-sufficient funds (NSF), rose for the third year in a row to a new record high of \$33.58, up 0.3% from the previous record last year. The most common fee, for the 13<sup>th</sup> year in a row, remains \$35, and the range of fees is the same as in 2019 and 2020. However, these fees are trending up, with increasing overdraft fees outnumbering decreasing fees by a 7-to-1 margin.

Overdraft fees also vary by metro area, with Philadelphia having the highest average overdraft fee (\$35.70), while Cincinnati’s fees are the lowest (\$30.42).

Highest Overdraft Fee by Metro		Lowest Overdraft Fee by Metro	
1. Philadelphia	\$35.70	25. Cincinnati	\$30.42
2. Baltimore	\$35.61	24. Los Angeles	\$31.00
3. Houston	\$35.17	23. St. Louis	\$31.60
4. Dallas	\$35.06	22. Minneapolis	\$32.36
5. Phoenix	\$34.90	21. Chicago	\$32.30

Bankrate’s Chief Financial Analyst Greg McBride, CFA suggests, “Before initiating transactions, use your bank’s app to check your available account balance to avoid overdrafts. The check you deposited yesterday may be counted in your total balance but not be available yet for immediate withdrawal, and could trigger an overdraft. Set up a link between your checking account and savings account so you automatically cover any shortfall and avoid overdrafts. Also, sign up for email or text alerts that let you know when your balance gets below a designated threshold. Be proactive to avoid overdrafts as inadvertent slip-ups do occur.”

## **Interest and Non-Interest Checking Accounts**

For interest checking accounts, the average monthly service fee is up to a record high of \$16.35, up from 5.5% from last year's record of \$15.50. The average balance required to avoid the monthly fee soared 31% from last year's record high of \$7,550.42 to a new record of \$9,896.81.

79% of interest checking accounts require some form of balance requirement, either in the checking account or across multiple accounts, to avoid the fee. Only 12% of interest checking accounts will waive the fee based solely on direct deposit, down sharply from 21% last year. Further, less than 8% of interest checking accounts are free without stipulation, and regarding that interest, the average yield fell to a new record low of 0.03%, down from 0.04% last year.

By contrast, non-interest checking accounts have the highest percentage of free accounts, meaning they do not have a monthly fee or balance requirement, since 2010 at 48%, marking the 6<sup>th</sup> consecutive year the percentage of free accounts has increased.

For non-interest accounts, the average monthly fee is \$5.08, down 3.6% from \$5.27 last year, and the lowest since 2011. The average balance requirement to avoid fees is at a 10-year low of \$506.62, down 15% from \$593.52 last year.

In addition to the high percentage of free accounts, 50% of accounts will waive the monthly fee with direct deposit, account balance, transaction activity, or some combination thereof. 99% of non-interest accounts are free or can become free, with 41% of accounts waiving the monthly fee solely based on direct deposit, making it the predominant fee waiver. 89% of non-interest accounts are either free, or can become free by having a regular direct deposit into the account.

“If you’re paying a monthly fee for your checking account or maintaining an excess balance to avoid a fee, look for one of the many accounts that are free, or can become free with nothing more than direct deposit,” McBride noted. “48% of non-interest accounts are free, but just 8% of interest earning accounts are free. Skip the high fees, high balance requirements, and low yields of interest-bearing checking in favor of free accounts that have no fees or balance requirements.”

## **ATM Fees**

The average ATM surcharge, the fee levied by an ATM owner on a non-customer making a withdrawal, was unchanged from last year at \$3.08. This marks a rare feat, as this surcharge has increased in 20 of the past 23 years, with 2004, 2020, and 2021 being the exceptions. However, every ATM owning bank surveyed will charge non-customers.

The average fee charged by banks when their own customer goes outside the network fell for the 4<sup>th</sup> consecutive year, to \$1.51, a 10-year low and down 12% from the previous record in 2017 of \$1.72. The decrease can be linked to continued increases in the number of accounts permitting free out-of-network withdrawals, now 40%, up from 35% last year and 32% in 2019.

Combining the two fees, the average total cost of an out-of-network ATM withdrawal is \$4.59, down for the second year in a row, and about 3% below the record high of \$4.72 set in 2019.

ATM fees vary by metro area, with Atlanta having the highest average out-of-network ATM fee of the 25 major metro areas in the study (\$5.23), while Los Angeles has the lowest (\$3.90).

Highest Average ATM Fee by Metro*			Lowest Average ATM Fee by Metro*		
1.	Atlanta	\$5.23	25.	Los Angeles	\$3.90
2.	Phoenix	\$5.17	24.	Seattle	\$4.12
3.	Cleveland	\$5.13	23.	Chicago	\$4.15
4.	Detroit	\$5.12	22.	Cincinnati	\$4.25
5.	Pittsburgh	\$5.04	21.	Minneapolis	\$4.30

*\*Reflects both ATM fees combined (those charged by the out-of-network ATM operator and those charged by the consumer's own financial institution)*

“Despite the increasing prevalence of free out-of-network withdrawals, that’s not the only fee to worry about,” McBride added. “Every ATM owner surveyed still charges non-customers so avoiding ATM fees still means avoiding withdrawals outside your network. While some merchants charge a fee when getting cash back on a debit card purchase, this is still the exception rather than the rule and remains a viable way to avoid higher ATM fees.”

### **Methodology:**

The survey group consisted of 245 banks and thrifts in 25 large U.S. markets. A total of 236 interest and 236 non-interest checking accounts as well as their associated ATM and debit card fee policies were included in the survey, which was conducted July 19 to Aug. 9, 2021.

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