THE BROOKINGS INSTITUTION
WEBINAR
THE FUTURE OF BANK OVERDRAFT FEES

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P R O C E E D I N G S

MR. KLEIN: Good afternoon. I'm Aaron Klein. I'm a Senior Fellow in Economic Studies at the Brookings Institution. It is my pleasure and privilege to welcome everybody here today to what I think is going to be a lively, engaging, and a little bit not the usual conversation that we've grown accustomed to in the Zoom Room. Today, we're going to be talking about bank overdrafts, which are something that many people listening probably have heard of, in theory, but never actually experienced.

Yet, the data show us, that one in 12 American families spend $350 a year, or more, on this product. This is one of the largest growing projects and fees that consumers face, that didn't really exist and was not kind of commonplace 20 or 30 years ago. But what -- we're joined today, and what's going to make this conversation, I think, unique, and insightful, and different is we're joined by eight people, four of whom come from a financial institution, each of which is dedicated to creating a new product or a new practice, designed to combat or change the growth in overdraft fees, which, to be honest, and quite transparent for them, probably means a little bit less money in their bottom line in the short term.

Simultaneously, we're joined by four different consumer advocates, each of which has spent a lot of time thinking, writing, debating, arguing, and advocating for a different framework to combat this growth. And what we're going to do here is we're going to engage this group in a little bit of a different format. And before I get to that, let me just take a moment and go around and introduce everybody in the Hollywood Square Zoom because this is going to be the last time you're going to see all of us, together, in a Brady Bunch format.

With that, let me start with Rebecca Borne, who's a Senior Policy Counsel for the Center for Responsible Lending, Rob Hunter, the Executive Managing Director and Deputy General Counsel, of the Clearing House, Linda Jun, Senior Policy Counsel, for Americans for Financial Reform, Karen Larrimer, CEO of Retail Banking, Chief Customer Officer for PNC, Aaron Plante, the VP of Lending Products and Banking Strategy for Chime, David Rothstein, Senior Principal at the CFE Fund, and, you know, one of the leaders in the Bank on Organization and Movement, Jimmy Stead, the Chief Consumer

Banking Officer at Frost Bank, and Jesse Van Tol, the Chief Executive Officer of the National Community Reinvestment Coalition.

So, with that, that's our lineup, and I'm going to want to start and structure this conversation differently from the Zoom panels and organizations that we've, at last, grown accustomed to, over the last 14 or 15 months. And, instead, what we're going to try and do here to foster more in-depth conversation is call folks, two by two, Noah's Ark style, up to engage directly with each other, on a substance. To add a little intrigue to this, and maybe for those of you who remember watching the show Who's Line Is It Anyways, for the most part, people are unaware of who their pairings are, and, you know, we're going to have an organic conversation here, where folks are ready to engage each other, directly, in the substance and products.

So, without further ado, let me call up the first two folks, each pairing is going to have one person from a financial institution and one consumer advocate. We're going to start with Karen, from PNC, and Rebecca, from CRL. And we're going to start with the same question that every group is going to engage in. And we're going to start by asking the person from the financial services industry provider. What new products or changes to products have you launched to help consumers avoid overdraft?

Karen, I'd like you to explain a little bit about what you've been doing and what PNC's been doing, and then Rebecca we're going to turn to you, and ask you to comment on that, and give your view, as to the efficacy and how you expect this product will or won't address what you've seen as the consumer problem. But because each of the four financial service providers has attacked this problem in a slightly different way, we're going to start off, and, Karen, why don't you say what PNC is doing here.

MS. LARRIMER: Okay, great, Aaron, thanks. I'm happy to jump in on this, and hi, Rebecca. So, I hope people would see, and what I'm going to talk about, is what we've brought to market to help consumers. We really at the forefront of trying to help consumers avoid overdrafts. And we actually have a mission that is about helping all Americans move forward, financially. So, this is a big part of a first step that we're taking.

We are very specifically approaching a solution towards overdrafts, and we've created something, a combination of things that isn't available elsewhere in this combination in the industry. And through this, we are helping our customers to greatly reduce overdraft fees, and, in some cases, completely eliminate the burden of overdraft fees on our consumers.

We call it Low Cash Mode. It comes with our virtual checking products, which is the checking products that we sell in the marketplace. It's been based on a lot of consumer research, where we went out and talked to consumers, to say how can we help you? How can we help you get out of this situation of having overdrafts? And, overall, the revenue you talked about up front, Aaron, that each of us is giving up, in our types of solutions, for us, it's ranging between $125 and $150 million of overdraft fees, each year, collectively, that we're giving back to our consumers.

So, let me just tell you, in a minute, what it is. It operates in the palm of your hand. It's a mobile solution. It provides intelligent and actionable results, in the moment, when you're getting a low balance, and definitely when you go negative. So, we're going to alert you. We are going to give you at least 24 hours of time to cure, or become positive. But in -- it's in the hands of most of consumers today, who have virtual wallet, and they are saying up to 52 hours of extra time to cure, depending upon when they go into a negative position.

And we actually give them a clock, that ticks down and shows them, down to the minute, how much time they have left, to cure and become positive. And then, really importantly, something that no one else has done in the way that we're doing it, is called Payment Control. And in the palm of a hand, we're giving our consumers the chance to look at what's going to hit their account, that day. So, that transparency that typically isn't there in our industry, we're showing it all to you. Here's what's going to hit your account today.

You can choose to return any of these items. What about that ACH item that popped up, that you totally forgot you had set up as an automatic payment. You can go ahead, and say I don't want that anymore, return that item, return a check. And we give all the disclosures around that to say, beware of what you're doing here. There are consequences on the other side, if you return an item. We try and make that all very clear and transparent to them.

But the key, what we wanted to do was put it in their hands, not have the bank make those decisions, but have you make them. And then we changed all of our pricing. We got rid of nonsufficient fund fees. We have no continuous overdraft fee. We have no overdraft protection transfer fee. But if all else fails, and you need that utility of overdraft, which consumers told us, loud and clear, they need to have that ability to overdraft, let's say, to pay the mortgage. I'd rather pay my mortgage, and maybe get that overdraft fee, then have the consequences of my mortgage not being paid, and all that goes downhill from that.

We have decided we will charge one overdraft charge, per day, if a customer has used all that time, and has no other way to cure and get positive, one fee, no matter how many items hit for that day. And as you know, in our industry, some charge four to seven fees, per day, and continuous fees, which we have totally gotten rid of. So, we want consumers to responsibly manager their money. We want them to learn through the process. But we don't want to take away the utility that allows them to have that overdraft when they need it. We're seeing really good reaction from our consumers, and their behavior is just where we want it to be, and they are avoiding paying overdraft fees. I hope that's enough. Rebecca?

MS. BORNE: Thank you, Karen. Hi, everybody, so glad to be here. So, I really appreciate that overview, Karen, and I will say that I think of all of the changes that we've been hearing about, among relatively larger banks, over the last few months. PNC's are the most significant. I think the elimination of the NSF fee is really significant. I think it is -- it helps to illustrate how inexpensive it really is for banks to return transactions. It costs banks next to nothing to do that. And so, I think a zero fee is an appropriate fee, in that circumstance. And we don't know of many banks, if any, you know, that have zero NSF fees, and that's big step forward.

The limit of one a day, as you mentioned, is a much kinder limit, than we see from most banks, who will charge well over $100, a day, in overdraft fees. And I think the time to cure is helpful too. Because another thing we know about these fees is that, typically, the amount of time between the overdraft and when the deposit hits and cures the overdraft is about three days. So, most people, you know, aren't in the negative for very long, which is another kind of reason that the fees are -- the typical fees are so outrageous.

But it -- you know, the fact that they have extra time to cure is really helpful, I think. You know, I do have to point out that I think if we were in a truly sane checking account market, across the board, we would be talking about individual fees that are a lot less than $35. We'd be talking about monthly and annual limits, in addition to daily limits. And, you know, we'd be talking about, hopefully, reasonably priced overdraft lines of credit, that could entirely supplant the really high cost system that we have today.

I think, unfortunately, there will be customers, at the bank, that could still incur hundreds -- or, you know, 100 or more dollars a month in overdraft fees, and I say that not to criticize the bank because I really do think that you guys have made very significant strides here. I say it to point out that, like, you guys have moved from here to here, which is really significant. But, like, a truly sane checking account market is somewhere so far beyond where we are today, that -- and I don't think we're going to get there, despite really great news by the bank that -- like you've taken, without regulatory intervention.

MS. LARRIMER: Aaron, do I have a -- just a minute to respond?

MR. KLEIN: Yeah, Karen, take a second to respond, and then we'll call up the next two.

MS. LARRIMER: Okay. Thanks, Rebecca. I thought what you said, everything was very thoughtful, and I think, when you look at the fees that are charged, we would encourage the other banks to follow suit, to look at how to innovatively solve for this problem, to reduce and take unnecessary fees out of the system. You can debate the $35, $36 charge and the amount of the currency set, as should occur, but, in fact, I just reemphasize that that utility of overdraft is so important to some customers, who would rather pay some level of fee, than, you know, not pay their mortgage that month.

So, we have to keep all that in consideration and balance. And what I would tell you with Low Cash Mode, if every one of our customers uses it, and every customer uses the tools to avoid getting a fee, we are completely happy with that. So, in essence, we are willing to stand up with a product that says, overdraft, these fees go away.

MR. KLEIN: Great.

MS. LARRIMER: And I understand everything you've said there. Thank you.

MR. KLEIN: So, that's great. So, let's call up Aaron and Linda. And let's allow Aaron -- Chime is doing things a little bit differently, as a financial technology provider. Why don't you explain a little bit, as your fintech, of what products or changes to products you've launched to help consumers avoid overdraft fees. And then, Linda, you can respond.

MR. PLANTE: Sounds good, thanks, Aaron. I mean, well, Chime, like, is a company itself. We're really founded on the premise that basic banking services, and even some non-basic banking services, should be helpful, easy, and free. And that's sort of what we try to -- how we position ourselves, and that's our real sort of mission we try to drive for. And that's been true from the beginning of our company. So, even like before we get into our kind of products specifically targeting overdraft, you know, we've always been a leader in the space of providing paychecks and benefits for folks two days early for, you know, usually for paychecks, and up to five days early for Government Benefits, like with the stimulus payments from the past year.

You know, and that's real dollars coming out of -- coming, you know, going to those pockets, you know, pretty quick. You know, that's over three billion dollars a month to do that, just done through the paychecks. So, you know, our entire organization is designed around keeping people out of that situation in the first place. We don't need and overdraft. And then, you know, the -- maybe one of our most important products is what we call SpotMe. It's a fee free overdraft, of up to $200, to help people bridge that gap till payday.

Right now, it's almost serving as a mini line of credit, for a lot of our members, and we save people billions of dollars of fee they would have been charged in more traditional banks. There's no fee associated with the usage of the service, and, you know, Chime is not a bank, and we partner with our, you know, our bank partners to provide the service. But we believe that through our ability to provide this liquidity to folks, up front, they don't need to overdraft. There is no fee associated with it, and we -- you know, the feedback we get from our customers in the market is, you know, it couldn't be stronger.

It's one of the most popular features. People, you know, come back, time and again, to use it, and, you know, the beauty of it is that there is no fee attached to it. So, there's no need to -- there's no misalignment in people using it and our bottom line changing. So, we provide the service to them to keep them out of trouble, and if they do get close, we think SpotMe is, you know, a really differentiated way, relative to what other people are doing to provide threat service. And I think, you know, you know, definitely want to acknowledge that there's been a lot of interest and pressure on that space, and I think that, as some of the larger banks make more friendly changes, like the one's PNC has rolled out recently, it might make my job a little bit harder, and our job a little bit tougher, but we think that's the right thing to do for the customer -- for the Nation.

So, we definitely look at those changes, you know, very positively, and applaud the efforts there, and we think, you know, the more banks and fintech companies can put products and services out there like that, the better off, you know, the banking system will be, you know, for consumers, overall. So, SpotMe is our sort of -- our biggest thing about it, and we think it's a really great way to help people, you know, stay out of the situation in -- sort of in the first place and make those everyday purchases, like groceries, and ride shares, and things like that, that, otherwise, they might have to charge -- be charged a little bit extra for, somewhere else. So, thank you for -- and I especially look forward to the feedback from the other side.

MS. JUN: Thanks so much, Aaron. I think it's really great that there's a place that's not a payday loan, right, that you can get $200, without a fee of a -- for consumers who do need that, and I think coupled with the fact that Chime was able to give its customers access to the money that they're going to get anyways, earlier, I think, those two things, together, probably make a world of a difference for, especially for, you know, the people who are living, you know, paycheck to paycheck or benefit check to benefit check.

And so, just first of all, I want to acknowledge the good, right, the promise -- a lot of good promise there. And I think there's a lot around, you know, it -- saying that underwriting, or that it's really -- the creditors don't have to worry about getting paid back, and I think this type of product, especially with a place that someone is keeping their money already, it really shows that it is possible to extend this kind of service, and to deal responsibly, and obviously that's where the person is banking. So, there's access to, I think, to the -- it kind of points out the opposite effect of all the absurd rates that, you know, payday lenders and other problematic high-cost cost lenders are charging.

I think, the kind of -- you know, of course, right, it can't all be good, right? That's the point of this conversation, is to go back and forth. I think the fact that, you know, if they -- if someone really lends you as much as $200 dollars, they have to pay it back, right? In the next cycle, that's still pretty fast, and acknowledging, of course, that no fees and no -- is a huge benefit, but at the same time, just for families who need that sort of service. I would worry, like, you know, are they -- if they're -- what happens if they're not able to pay it all back, if this is turning into a cycle. So, I think those types of concerns are certainly a lesson, but still on my mind, and that -- and how easy it to pay back.

I've also seen, you know, just with no fees, with all of the voluntary tipping models that we see, you know, how voluntary is it? Is the person really understanding that, and so, those are -- and that wasn't something that everyone's talking about as much as something we see, right? I just -- you know, that's the -- making sure that it's up front, that the no fee, and there really is no fee, and a person can really access that, and making sure that that's all straight -- straightforward for folks to understand, both in practice and in reality.

So, I think those are some of the things that comes to mind. But I really do think that the Chime Service really shows that there is a way to do -- to offer some help to folks, in a way that is limited and useful, without charging them, you know, $35 a pop, for each fee, and I think that's a really important step forward and a creative -- I think Chime is being very creative on both ends of getting money -- getting people's moneys to them faster and also providing a way to tide them over. So, I do have concerns about having to pay it all back at once, just because -- just knowing that population, but I think that there's probably a lot to explore here. But it's a step in the right direction.

MR. PLANTE: And just to take 30 seconds, to address those two returns, and I think they're both, you know, very well founded. One thing we do look at, specifically, Linda, is to make sure that the limits people are -- have access to doesn’t represent more than X percent of their paychecks, specifically for that concern. You know, we don’t want to have people start having to rely on, and then they find themselves in a situation, where things are tight, when the paycheck has arrived. So, we’re 100 percent with you on that one.

And then on the tipping side, it truly is optional. So, if someone uses the product 10 times or 100 times, and never tips us, but the 11th time or 101st time they use it, it works exactly the same, as if they had tipped us along the way. So, we hear you, and we’re with you all the way. Appreciate the push there.

MR. KLEIN: Great. Well, you know, this has been fantastic. I’m going to call up Jimmy and David, you know, because we’ve heard from one of the larger banks in the country. We’ve heard a fintech provider, but, you know, a critical layer, in this entire conversation, are community banks, and, you know, Jimmy, down in Frost, Texas, you guys service an important constituency, and we’re thrilled that you’re able to join us, and David. So, why don’t -- I ask you, Jimmy, tell me a little bit about what Frost is doing, and how you’re tackling this problem, and then how you’re seeing the world down there.

MR. STEAD: Yeah, thanks, Aaron, for having me, and, David, I’m looking forward to having this discussion with you. We recently launched a couple products that will help -- are helping customers avoid overdrafts. And I think something I want to point out, at Frost, we understand that people are going to come up short, from time to time, and our intent is to be there for them, as much as possible, in those situations, to help them pay for important things, in their lives, like groceries and bread, and to do that in a way that’s a square deal.

So, that’s really what led us to these two new things that we’ve introduced, which the first one we call Overdraft Grace, and, similar to what Aaron said, this allows a customer to overdraw their account, on any type of transaction that comes in, up to $100, without being charged a fee. And in addition to Overdraft Grace, we also have the ability, that we launched earlier this week, for customers to get their direct deposit up to two days early.

And we think that these two things really work together to help our customers, and we’ve, you know, been getting story after story of people telling us the difference it's making in their lives. You know, we launched early direct deposit, on Tuesday. And one of my favorite stories was a guy called in, he was on his way to work, and realized his car battery was dead, and he didn't have enough money to go get a new battery. And we were able to say, well, actually, we deposited your paycheck a couple days early. So, you have -- you actually do have money in your account right now. And he was so happy, and it really made a difference in his life.

And so, those are couple of things we're doing, and then Linda made a really good point earlier about people's ability to pay things back. And we have a feature, also, where we can put people on payment plans, if they get overdrawn a little bit too far, and they need that cash flow from their next paycheck. We put them on a no interest payment plan, in order to make it, you know, so they can still live their lives, and they're not having to cure that all in one time.

MR. KLEIN: David, what do you make of that?

MR. ROTHSTEIN: So, you know, one of things that I think is really important about sort of with the Bank On Movement has been about -- is really sort of having accounts that don't have the possibility of overdraft and giving, you know, consumers that choice and option. So, I like Jimmy's approaches, and the thoughts around certainly not having a balloon, you know, payment due, to try to pay something back, makes a lot of sense from a lending perspective.

I think the challenges that, and, Aaron, I know you and Brookings have done a lot of work on this, that, yes, sometimes overdraft is caused by misalignment of money that, you know, is supposed to -- you know, hasn't hit the bank account yet. So, you know, somebody gets paid on Friday, but the money doesn't really show up on Friday. But a lot of, you know, overdraft is very encompassing, and so, there are a lot of people that, it's not just a 24-hour window that causes the problem. So, you know, having consumers have the ability to have account that never overdrafts, and zero means zero, is a really positive experience for clients. These are really popular accounts.

You've heard from some of them already today. We are currently working with about 108 financial institutions, of all shapes and sizes, who offer these accounts that, you know, are not -- that don't allow overdraft, and, you know, there are millions of consumers in these accounts. So, they're obviously, you know, very popular. And so, having an account that's fully functional, but has that, you know, that ability to not let them, you know, get under zero dollars, which is obviously one of the largest reasons why people lose accounts, who have accounts.

Either the financial institution closes the account because it's been to negative, for too long, or the customer, at some point, says, you know, I'm down $400 in this account, I'm not going to not have my direct deposit go into this account, I'm going to close it myself. So, I think, the challenge is more -- what I'm trying to say is I think the challenge is deeper than a 24-hour to 48-hour grace period. I think that it's, you know, it's a spiraling negative effect that overdraft has on a lot of underbanked customers, that turns them into unbanked customers.

MR. STEAD: David, I appreciate that, and I've read through your template on the Bank On accounts, and I think it's a really good format for guidance, you know, and while we don't have a specific account, that way, we did think it's important to talk to customers about their options, right? Because they have the option to turn off overdraft, and that's the right decision for a lot of people. Some people want the access to a little bit of cashflow, when they run out of money. I mean, again, I'm telling stories. We had a guy that his utility was getting ready to be turned off, and he was able to overdraw his account, without a fee. And, you know, that was something he needed. So, it's not the same for everybody, and I think that's one of things that we realize, that there's a story behind every one of these, and, you know, we're a company that wants to hear that story, and try to work with our customers, in the best way possible.

MR. KLEIN: Great. Well, let me call Rob and Jesse up. They've been patient, as this conversation has gone forward. You know, we've heard from a large regional bank. We've heard from a small community bank. We've heard from a fintech, the conversation about the timing and how the financial system works. You know, Rob, you guys run the largest non-governmental payment platform, that I'm aware of, in this country. In fact, you predate the Federal Reserve, America's Third Central Bank. We actually have banks who had clear payments between the end of the Second Central Bank and the

Third, and somebody did that. And, Jesse, you guys, at NCRC, have long been leaders in this concept and this debate. Rob, tell me what the Clearing House is doing, in terms of creating products that are designed to address some of the problems and issues that we've seen and come up in this conversation, so far?

MR. HUNTER: Thanks very much, Aaron, and thanks for the opportunity to be with you all today. So, as Aaron mentioned, the Clearing House is not a financial institution, but rather we are a financial market utility, that operates the core bank owned payment systems in the U.S., and that is our role.

We launched a new real-time payment system, in 2017, called the RTP Network, which now reaches over 60 percent of the demand deposit accounts in the country, and has technical connectivity to over 70 percent. You know, Aaron, I know I've talked with you, any number of times, and I've read your articles, and tweets, and columns, any number of times, about lag times in payments, and we know that lag times, in terms of getting funds into an account, can make the difference between overdraft and someone not overdraft.

So, getting immediate access to funds is especially important for households on fixed incomes, who are living paycheck to paycheck, when waiting days for funds to be available to pay a bill can mean overdraft fees or late fees, that obviously can compound, as we've talked about today. RTP solves that payment lag issue. There's no more waiting for a check to clear. Payments that are sent, via the RTP Network, clear and settle instantly, with immediate access by consumers to good funds in their account that they can use to pay bills or for other needs.

Some of the earliest adopters of the RTP Network were in the payroll space. So, companies recognized that if they could get cash into the hands of their workers faster, they would have a much happier workforce. So, companies, like Uber, or particularly a number of other gig economy, Esty, use RTP to pay their workers daily, or even hourly, or even sometimes by the job. So, it really can revolutionize how individuals get paid and how they have access to funds.

RTP also provides greater consumer control on the other end. These are credit push payments only. They're not debit pulls, which means that a consumer has complete control over if and when a payment is going to be made. Nobody can pull money out of the account. The consumer has to actually go into their banking app, or otherwise, and say, yes, I affirmatively want to send this money, right now, to this person or this entity. There's no more having to estimate when a bill is due and how far in advance you need to send a payment to get it there in time. You can wait until that payment is actually due. RTP Payments clear and settle instantly. So, you can wait until the payment is actually due to send the payment and get it there, in terms of meeting that deadline, and get it there just in time.

There's no more guesswork, in terms of whether the entity on the other side has received the payment. RTP features a greatly enhanced messaging platform. So, consumers get a confirmation that a payment has actually been received by the biller, and they can use that confirmation to prove to the biller, hey, I paid you, don't shut off my utilities. Don't do whatever it is that you may be facing, as a consumer, that would be a bad result from the payment not being received.

And, finally, there's other enhanced messaging on the platform. So, companies can send reminders to their customers, over a secure bank network, that a payment is due, and invite them, via the same platform, to pay that money instantly, if they need to. So, to the point that you've often made, Aaron, about lag times in payments and lag times causing overdrafts, no more lag times with the RTP Network.

So, David, I'm sorry, Jesse, over to you.

MR. VAN TOL: Yeah, thanks, Robert, and I just want to emphasize, you know, faster payments is not often thought of as a civil rights issue or an issue really, really important in low- and moderate-income families, but it is. And so, I think, just speaking generally, you know, the real-time payments structure, Robert, I think, is terrific and helpful, and, hopefully, that's something that we can really drive, across the board and throughout the industry.

One of the great advantages of going last is I just get to draw on what everybody said and sound really smart, by synthesizing some of it. You know, I do think, when we think about the broader context, Robert mentioned it, really, you know, pull payments as an issue. You know, we're not going to completely solve overdrafts, so long as we have pull payments, other types of payments, where the request for payment is made prior to or separated from the verification and review of good funds in the account.

And so, so long as we have checks, and that is something that many consumers do still use, the potential for overdraft is there, and in other ways too, those type of pull payments. So, I do think, you know, when we think about the trend, I have said, I hope 2021 is the beginning of the end, in terms of overdraft. As Aaron has studied and pointed out, though, there are still a number of banks in the country who are heavily reliant on overdraft fees, for a big part of the profit.

Really happy to see, you know, what PNC did, Low Cash Mode, something we talked with Bill Demchak about, at our conference, with our members. Really thrilled with Huntington's Standby Cash product, which is a no-cost line of credit that provides funds needed to tide people over.

We do think, as Rebecca said earlier, though, that, you know, a regulatory intervention is needed, in this space, to think about capping the number of overdraft fees, not just per day, but per quarter and per year, limiting that event to one fee, not a cascading set of fees, preventing banks from reporting overdraft events to credit bureaus, prohibiting overdraft and NSF charges, when the overage is a result of a hold on the account, those types of things, all of which are included in the Stop Overdraft Profiteering Act, introduced by Senator Brown and Booker, in the Senate. So, I want to applaud the work on real-time payments. I think that's a critical aspect of solving this problem. Still need to think about, industry wide, how we create some safeguards here, and then dealing with pull charges, as they exist.

MR. KLEIN: Robert, do you want to respond to that, for the last word here, before we turn -- all right.

MR. HUNTER: Sure, sure, I'll take a moment. So, so, very much appreciate the kind and positive words about the Real-Time Payments Network. We do think that that is a huge step forward, and we look forward to it growing, and continuing to get more and more banks on the network as they serve -- as they work to serve the needs of consumers and the companies that use their services.

I do think that what you've heard today is that the market is moving, and that it's moving away from overdraft fees as we know it. There are tons of positive developments out there. The network team movement, that Karen shared, that PNC had developed, I think is brilliant. I think you're going to see a lot more of that kind of thing going on, where banks are looking to give greater transparency and control to their consumers. I think, you know, the work that David Rothstein and CFE Fund have done on Bank On accounts and certified Bank On accounts, that provide consumers with a low-cost, no-cost, basic bank account choice, with very minimal and very predictable fees and no overdrafts, is also a huge step in the right direction, in terms of meeting the needs of the unbanked. Almost all of our banks offer some form of low-cost and no-cost accounts, many of them certified and with the Bank On Program.

And I think the key here is giving consumers transparency, control, and choice, and those are the things that I think the market is trying to do to meet the needs of consumers because we know that lots of folks want and need overdraft services. They work well for the vast majority of people. There are some people for whom they don't work well, and giving greater control, greater transparency, and greater choice to those consumers is something that the market is definitely working to do.

MR. KLEIN: So, let's build on that, and we're going to switch the -- to round two. We're going to flip the script. David, Robert, why don't you stay on, and, David, why don't I call you up to build on this because you got called out on the Bank On Product, and just in closing, point out that while some folks have called for regulation in the overdraft space, you know, I'm still waiting for regulators to do much about this, as my research has shown.

There are a small number of banks, and Lord only knows how many credit unions, out there. I don't want to let that credit union aspect of this -- come on, you can't have everybody on to discuss this. But there are certainly -- we don't even have the data on how big some of the credit unions are in this space. But if, you know, I'm -- you know, the Federal Reserve has yet to build a real-time payment network in America. We're still waiting for that. The Clearing House build an RTP system. It seems like super -- much faster than the Fed, which I thought could do anything they ever wanted to, when they put their mind to it, superfast, but they -- except build a real-time payment network.

That being said, you know, we -- the banks have actually come out, the financial institutions, on this platform, have come out and put out products and options, and they have been meeting consumer needs. They're innovating in this space. It's always easier to say, well, yes, we'd like you to do more and more, but let's get specific here and put the consumer groups on the hotseat for a second.

And we'll start here, David, with you, since I know you've thought about this. You know, why don't you explain a little bit more about what products and options consumers should have available and what they shouldn't have when they run out of money in their account, but still have bills or expenses before they get their next income? And I'm not talking, you know, not just about unplanned expenses but also drops in wages. Plenty of people miss a day because they're hourly employees, their kid's sick, and their paycheck is, you know, 20 percent short at the end of the week. What are they going to do? So, so, talk to me about what products you ought to have, and then, Robert, I'm going to ask you to respond to the feasibility of the product outline that David has set forward, and then we're going to go through another round of this back and forth, with the consumer groups leading off.

MR. ROTHSTEIN: Sure, so, I mean, you know, the first thing I would say is we, obviously, think that financial institutions are really well served and all of them having a Bank On certified account, right? I mean, that's the goal. You know, the accounts are affordable. They are fully transactional and, again, without overdraft and NSF fees, people aren't experiencing a lot of debt, based on these accounts, nor do they have surprises each month. You know, if the account cost three dollars in April, it's going to cost three dollars in May, and so, simply having that transparent, consistent structure, in an account setting, is really critical.

You know, the other -- we have strongly recommended features and connect with a lot of national partners who are experimenting with some addons that can go along with Bank On accounts. So, we have some Bank On certified accounts, where the financial institutions have a small dollar loan alternative, that, you know, can be used with those accounts. The -- you know, part of the challenge that many on this call, and certainly Rebecca and others, have looked at is, you know, the inconsistency and state regulations around small dollar loans. So, it's not the easiest place, right now, for financial institutions to participate in.

The other thing that we, at the CFE Fund, have put a lot of time, energy, and resources into are working with state and municipal government partners on free financial counseling, so that people are -- because a lot of these expenses and challenges that families are facing, while they come to them in an emergency type situation, they are predictable because people are living, as you said, Aaron, paycheck to paycheck. So, having, you know, a trusted financial counselor that is, you know, free of charge and connected with other resources, that the city and nonprofits provide, is something that we've put a lot of time and energy into, so that people aren't purely relying on products, so that they're, you know, in a situation where they can find resources that are available to them.

Those are the, you know, the comments that I would make sort of about, you know, what -- where this space is. I think the other thing, too, I'd -- I should also mention is that there are -- there's some really innovative work that's being done around savings. So, linking these accounts to automatic savings and emergency savings accounts, whether it's through automatic transfers, whether it's through a sort of a reward system, by either matched private or public dollars, those pieces make sense.

And then the other thing I would say is that just as -- you know, it's maybe no coincidence, Aaron, you're a good planner, that today is the first day of the -- one of the largest direct payment programs to come out, ever, in this country. The Advanced Child Tax Credit Payments have started to go out today. And we're hoping, obviously, that many of those are going into bank accounts, rather than, you know, relying on paper checks. Programs like that, whether it's a universal basic income program, often referred to as Mayor's Guaranteed Income, and getting those into accounts rather than paper checks is another way that people will have dollars for emergency situations and not look to be borrowing money instead.

MR. HUNTER: So, I mean, you probably picked the wrong guy to square off against David because I can't say enough good things about the Bank On Program. You know, we have -- David's kind of preaching to the choir. We've worked very closely together to, I think, publicize the Bank On Program. It features very heavily in a wide paper that we released, about a month and a half ago. It's remarkably successful. It meets a real need in the community. And I think, importantly, it is voluntary.

So, it's not a -- it's not done by regulatory fiat. The banks come to the Bank On Program voluntarily. They go through the certification process, and they are lining up to do so. There is a real felt need for these kinds of accounts to be an option amongst the suite of financial products and services that banks offer. It's been widely successful. There are millions of these accounts that have been issued out there. There are really good statistics about the fact that the number of folks who are coming into the bank, through Bank On certified accounts, are new customers.

So, it's a brilliant way for banks to attract individuals into the banking system. And that's really where we want them, where they can access the full suite of products and services and grow in their financial services relationship. That is very different from regulating overdraft fees out of existence. And we know, from research that has been done, that overdraft fees meet a felt need that they are valued by the vast majority of customers. And, really, where you want to get, in terms of the regulatory space, which is, I think, where we are with the 2009 implementation of the changes to Reg E is you want to have transparency around what the terms and conditions of overdraft services are, and that's what we have today.

Individuals have to affirmatively opt into overdraft services. There are detailed written disclosures that they get. They can opt out at any time. And so, I think, you know, David, and CFE Fund, and Bank On illustrate the very approach that we think should be available to consumers, which is creating more optionality, creating more transparency, creating more control, and giving consumers a choice. Importantly, the CFPB, even under Rich Cordray, never went back and tried to amend the rule relating to overdrafts. And I think Cordray's approach was the right one. I mean, he really always said that, look, people can make their own choices, as long as they've got the information necessary to make them with, and no one should be making the choices for them. So, we think Bank On is 100 percent on the right path.

MR. KLEIN: David, I'll give you the very brief last word because we got a -- we've got a couple other rounds to go here, if there's anything you want to respond to, with what Robert said.

MR. ROTHSTEIN: No, I mean, I -- well, yeah, one small thing, which is that it -- you know, the -- he did make a really good point about opt in, opt out, as it comes to overdraft. You know, the opt out structure did not work well and did not serve customers well, and so, we still strongly support, you know, having to opt in, you know, for account structure. It's confusing to people. The terms overdraft and the word protection are confusing to people. So, from a consumer protection standpoint, I think that that is, you know, something that regulators are smart to keep in place.

MR. KLEIN: Understood. Why don't we pull up Jimmy and Jesse to come on up? And, Jesse, why don't you lead off and say what products or options you think consumers should have available, when they run out of money in their account but still have bills and things necessary to pay? And then we'll let Jimmy respond, as to how a bank could actually -- could or couldn't operationalize that.

MR. VAN TOL: Yeah, so, I think, you know, a good product is one that, you know, fundamentally, the consumer has the ability to repay, and they have some time to repay. I think -- you know, when I think about what's in the marketplace, right now, you know, I think, whether it's, you know, what Jimmy and Frost are doing, what PNC has done, what Huntington done, and I think the right combination is, yes, creating some consumer choice, some optionality around what gets paid, when it gets paid, you know, empowering them with information about what's, you know, causing the overdraft, giving them time to cure or solve it, but then also having a very low or no-cost product, that if they do need short-term credit, they're able to access that, easily and quickly.

And, you know, banks are in a position where, because they know and understand customers' monthly cashflows, they can underwrite and vet for ability to repay. The risks here are very low. And that's why I think, you know, the line of credit structure is a very good one. The Huntington Product has, you know, has zero percent interest, if you agree to, you know, to auto repayments out of the Huntington account, and if not, it's a one percent monthly fee, 12 percent APR. You know, that's a very good structure.

So, I think some combination of those things with, you know, with faster payments, would -- also solving on that side of things. And as someone said earlier, you know, we also have to solve for the fact that, for some people, fundamentally, the problem is they just don't make enough money. They're -- you know, they are struggling, in this country of such great wealth, to be able to make, you know, basic payments on basic necessities. So, I think those are the key things.

One thing I did want to say, just about, you know, this sort of question of regulation versus the market and market solutions. Clearly, some banks were responding to competitions from people like Chime and others. This overdraft has been a deeply unpopular product. I mean, the banks that are moving away from it aggressively are moving away from it and justifying -- you're essentially paying for the cost of doing that, by greater customer loyalty. They think people are going to stick with their bank for a lot longer and like their bank a lot more, if they dramatically reduced overdraft.

It took a long time for banks to get there. That has been true for a very long time. And maybe, finally, we're seeing a level of competition on an issue, but I would point out that there are other issues, other than just, you know, the presence of overdraft, where that is true, as well. One of the reasons why is consumer advocates were skeptical with the purely voluntary approach. This is an issue we've been hammering on, for years, for decades, really.

MR. STEAD: Jesse, thanks. Really good points. I mean, regarding products, I just agree completely, and we still have more work to do there. I think, you know, one thing I -- I'd like to point out is, and I kind of mentioned it earlier, I think it really does matter who you partner with, financially, who your bank is. You know, I said we -- there's a story behind every one of these, and I think consumers should be with a bank that puts caring, empathetic people on a, you know, 24-7 customer service line, like we have, where it still has branches where they can come in and meet the -- someone face to face, who's very approachable and can demystify banking for them. I think all of those things help get customers set up for success and to have the conversations around their options and what's best for them. And that's something that we're committed to.

And, also, we've been doing, you know -- we're doing a lot more these days, but we've been doing things for years and years, in consumers' favor, in trying to do the right thing, and, you know, especially in the order we process items, and we empower our agents to give refunds without any approval from a supervisor or a manager, and we give refunds two to three times what the industry average is. So, there's a lot of things, over the years, we've done that are in the consumers' favor also.

MR. VAN TOL: Yeah, I think that's exactly right, Jimmy. And, you know, one of the things I've said, you know, banking is the business of trust, and, historically, that was defined sort of as trust us with your money. I think the new trust is really a trust that's transparent and clear, and it's based on a relationship, whether that's in the branch or online. I mean, people have made much of kind of, well, branches are disappearing, and people don't want to interact with the bankers.

But if you look at what actually happens in the marketplace, people are desperate for financial advice, and the thing is they're getting it from their realtor, you know, when they buy or sell a house. They're getting it from work colleagues. They're getting it in a broad variety of places, including in person, and they may not be walking into the bank branch as often, but there's no reason a bank, a banker can't be that trusted advisor, who people turn to when they need advice about how do you go about buying a home.

It's not always happening, but the market gap there is actually huge and significant for banks and for other financial services companies to become trusted advisors. You're not going to do it, though, by charging them fees that people hate, and think are not transparent, and are sneaky, and they get angry at their banks about, you know? And that's why this conversation is so important.

MR. KLEIN: Great. Well, thank you, Jesse. And we're going to call up Karen and Linda, and we're going to start -- Linda, maybe you can give some ideas as to what you have, in terms of how you would see this product and how you would address this kind of fundamental consumer dilemma that happens to people. I know, for those who got paid Friday, it was July 2nd, and if, you know, how you handled that, given Thursday being July 1st, and lots of people have expenses on the first of the month, and maybe you're fortunate enough to have one of these institutions that got you your money -- let you access your direct deposit earlier, or gave you 24 hours to cure between July 2nd and July 1st, but, you know, how would you see this kind of product and, Karen, then you can respond.

MS. JUN: And I think my suggestions are going to build off of what other people have already mentioned. I think an overdraft line of credit is one of those options. I think a lot of the things that have already been discussed that financial institutions are doing here, right, making -- getting people access to the money that they are already going to get, as soon as possible, as you just said, Aaron, is a part of that.

I don't -- you know, as much as I would love to live in a world where overdrafts are no longer needed and not a thing, I realize, you know, we live on this sun, this, you know, this Earth, and, you know, folks have mentioned it. You know, emergencies come up, situations come up, and there may be times where people really do need some sort of -- you know, overdraft is really just a short-term loan to get them through a certain number of days, right? More often than not, really, it's days. Sometimes, it's a few weeks. And so, to have a structure that allows for that, that's affordable and sustainable, and that doesn't ruin their credit, long-term, in a way that shuts them out of the big gig system or shuts them out of credit in the future, I think that's the principles we're all going for. And all of the things that we've discussed today really played a part of that. There's the real-time payment, the, like, not needing to pay until the second it's actually due, right? That's becoming, you know, more and more of a reality, as we speak here. And then there's all of the things that all the companies here are doing.

I will say, on the regulation front, just because I couldn't not, you know, not chime in there, as well, is I think part of it is I think the company -- the financial institutions who are on this call today are really doing creative things that are making the problem less of a problem. But that being said, there needs to be a structure where $35, multiple times a day, for these types of overdrafts, like, that shouldn't be allowed. Like, there's a predatory extreme version of this that's without a change in the regulatory framework that's still allowed, and I think that's the major problem that I -- I know Rebecca mentioned this a little bit earlier, as well, but that -- I think that's the reason we need some reform here, is it's not -- and also, I mean, financial institutions are, as you mentioned earlier, right, that's -- it's a -- there's a profit. You know, they're not -- as much as they care about their customers, that's -- they're not a community nonprofit organization, and so, with, for example, a change in leadership or a change in atmosphere, you know, I hope that doesn't happen, and I -- you know, it sounds like, you know, folks on this call, their organizations have done a ton of investment into making a consumer product that works better for consumers, but that's not the entire market, and there's no requirement that the entire market get rid of the extreme predatory practices without some reform. And so, I think that's where the regulation point is also important, and so, I think it's all of these things, together. So, I feel like my answer is not adding a specific new product to the conversation, as much as it's all of these pieces working together. It's real-time payments. It's getting people their money faster. It's having a structure with some sort of credit opportunity for when people need it. It's making sure that people know what that is, and are able to opt out, and that it's not -- and then I agree with what David said about opting in versus opting out, too.

I think a lot of people don't realize that opting out is an option, even if it is part of the disclosures. You know, I think about all of my former clients, as a legal aid attorney, who just -- the disclosures are well intentioned. I think that everyone -- when people create those laws, and they're important, and people should definitely have them, and we definitely don't want to live in a world without them. But just -- I think there's often an overemphasis on disclosures as being able to do more than that, just because of the way they're often overwhelming to read, and people, especially people, if you're in an overdraft situation, you're probably having to pay something right away or really worried about that. So, I think disclosures, also, like everything else, are important, an important piece of this, but not the only answer either. And so, I think it's all of these things working together and, you know, all -- and continuing to strengthen the options that they're -- are there and the protections for the most vulnerable.

MS. LARRIMER: Okay, thanks, Linda, well said. I think I'm going to just start with a callout to all of the banking peers and encourage them to get onboard with the necessary and bold changes that we need to make in this overdraft space, and I think that's what you've heard from all of us today. Linda said it well, when she started out saying that any solution we have should have the ultimate intent of keeping people in the banking system. That is ultimately what we need to all be after, and so, David's Bank On products, we are wholeheartedly behind those. I think we were the first bank to certify two products in that space. And those really work for people. And we are proactively talking to customers, before they get to the point of being charged off, about getting into these products. We have SmartAccess and Foundations, and those are key products for a set of customers, very important.

But for those customers, and we've all said this in different ways, overdraft, unfortunately, can be a necessary thing for some people. We have found, with Low Cash Mode, that 80 percent of our customers have demonstrated the ability to cure a positive balance within two days. So, Rob talked about real-time payments and getting those payments advanced earlier, and the way we were looking at it is transparency. Give transparency to these consumers. Let them see what's going to hit their account, when those deposits are coming in, when those checks are going to be paid. Give them the controls to make choices.

Part of this, we think, is huge on educational value, having people be responsible, understand the intent of their actions. Give them the extra time. You know, if 80 percent can cure within two days, give that to them to be able to do that, right? And then, if you are going to charge a fee, make sure it's fair and reasonable, right, and that people can get themselves into a better position, having used all of these tools that you've put at their access.

So, we had great people on this call today, and I encourage others in the banking arena to get onboard, and let's make a real difference for consumers in this space. I always say -- I agree with Jerry, people should care about who their banking partner is, oh, Jimmy, sorry. And I always say to know PNC is to love us. So, I encourage people to get to know us, get to know Low Cash Mode, and how it can help you. So, thanks for having us.

MR. KLEIN: Great. Linda, any final response? And then we're going to call up Rebecca and Aaron, as our last pairing for this last response to the question. So, Linda, any last thoughts?

MS. JUN: I'm okay with passing, so that we can make sure we get to the next work.

MR. KLEIN: Great. That's a little more time. Rebecca, Aaron, come on up. Rebecca, you've talked to various points about some of the issues here. You've heard what other folks have said. You talked about kind of a different product, in the very beginning, kind of way out here. You know, think about how that world will work in the financial institutions space and what kind of products you think ought to be out there, and then we'll let Aaron respond.

MS. BORNE: Okay, thanks. Yeah, so, I would encourage us to start with the premise that depositories should do no harm through their checking accounts. Checking accounts should fundamentally be places where people's money is safe. And for too many lower-income families, it's not. That is largely because of regulatory neglect and enablement, for the last 20 years.

In 2001, the OCC raised some concerns about the overdraft practices that they saw then, which are basically the same ones that we see now, where they've ballooned, and nothing really has been done to change that. I don't know if we think of regulatory fiat as, you know, the FDA making sure that prescription drugs are safe, or the, you know, in a Federal agency, making sure that cars are safe. But we do have Federal banking regulators, whose -- who are charged with making sure that banks are fundamentally safe places for people to keep their money.

I want to address a couple of things that have been said already. Well, first I'll say, you know, there's a lot of focus, often, on the CFPB, and that is appropriate because it is clearly within their authority, and it is core to their mission to protect people from predatory practices, like we see in the overdraft space. I would definitely take issue with the characterization of the treatment of overdraft, under Director Cordray.

CFBP, under that leadership, did three extensive reports on overdraft practices. They identified tremendous problems in the market. They found that about 80 percent of overdraft fees are paid by people whose average daily balances are $350. And they were moving toward a rulemaking, so, which, you know, dropped off the agenda, when leadership changed. So, I just wanted to sort of offer that.

And the other thing I want to note is that, you know, we, at CRL, are huge fans of Bank On. We have tremendous respect for David's work there. And we are fans of faster payments, you know, and we support FedNow, a faster payment system. But we are not under the belief, you know, that either of those are going to overhaul overdraft practice, and they're going to keep some people from getting hammered, nor will voluntary changes by banks.

In 2010, when the Fed ruled that Opt In Rule was hanging over the banks' head, that's when we first saw, you know, dating limits come on the scene. Before that, there were no dating limits. That's when we saw de minimis amounts and raised amounts first appear. And then we see, like, we're stagnant for 10 years, and here we are now. So, I think the notion that any of these voluntary things are going to overhaul the market is wrong. I think that the Bank On account is like the affordable 30-year fixed rate mortgage of checking accounts, and we need that, and every bank should have that.

But subprime -- it didn't -- but those mortgages didn't stop, you know, predatory subprime mortgages from getting targeted because they were so profitable. And I think that we will see the same in the checking account space. Like, we applaud banks that offer Bank On, but if they're offering it next to their predatory account, it's still the regulator's job to make sure that all checking accounts are safe.

The last point I would make is that I think we need to more directly confront the racial equity implications of overdraft programs. You know, we know that Black and Hispanic households are four to five times more likely to be unbanked than Whites, and yet, they are also more likely to pay repeat overdraft fees than Whites. And so, even though they're less likely to have an account and be subject to these fees at all, they're more likely to get hit by the fees. We know that these lead to court closed bank accounts, as has been mentioned, and that they, you know, add to the ranks of the unbanked.

So, effectively, these overdraft fees are exploiting people for not having wealth and they're perpetuating and exacerbating financial exclusion. And I feel like we can talk until we're blue in the face about financial inclusion, but the elephant in the room is overdraft fees. And I think that policymakers need to confront that more squarely and need to address it.

MR. PLANTE: Yeah, I agree with a lot of what Rebecca's said, in terms of, you know, product fee. You can do even more, and I think that's, to come back to where I started, that's the premise of what Chime was founded on, is that exact notion, that for too long a lot of consumers have been, you know, taken advantage of a place that they should be able to trust, you know, with going to the bank and with banking.

That's what Chime tries to do with our bank account, with -- through our partners, you know, through FDIC insurance and making sure that people have all of their money safely placed in, you know, their checking account or savings account, you know, and I think, you know, making that easy to save is a point that was raised earlier, and I think is another one. You know, take that choice out of the customer's hand. Chime has a feature called Save When I Get Paid, to immediately move 10 percent of your paycheck into your savings account. So, you just put that one extra automatic step in the way to help people keep money in their accounts, so they don't have to get into some of these issues down the road, when the inevitable, you know, situation does arise, if there's income interruption or an extra bill they don't see coming.

So, I think a lot of what Rebecca's said is kind of right on the money and is sort of the basis for why Chime, you know, A, exists, and, B, has been as successful as it's been, so far, because that need and that inability, or at least reluctance from previously, for that product to be in the market, I think Chime is trying to deliver for its customers and for anybody in the States and to say, hey, come with us, and, you know, this is a place where we'll treat you like a human. One of our values, be human, and we try to treat our customers as humans and how they want to be kind of, you know, dealt with, from a daily basis, with their bank. So, you know, we try to do everything we can, and through our partner banks, to make those services and features available to anybody who's interested.

MR. KLEIN: Rebecca, any final thought and then I'm going to close.

MS. BORNE: Thank you, and I appreciate that. And I think, I guess, just one final thought that's come up a bit today is sort of this notion of, like, people choose overdraft because, like, they want their transaction to get paid. And I think we often hear this sort of false choice. Like, do you want your -- all your transactions to bounce, or do you want to pay $35 per item, and would you like to pay $150 per day, and would you like to lose your checking account? And so, the notion that those are the choices, I think, is not right.

And I think one last point is that today's overdraft programs are causing transactions to bounce. The people who are paying loads of overdraft fees, they're also paying loads of NSF fees because, eventually, their transactions are bouncing. So, if you put $1,000, or $2,000, or $3,000 back in people's pockets, and that's what some people are paying, annually, in overdraft fees, you're going to make it a lot more likely that they're able to, you know, keep up with their expenses.

MR. KLEIN: Well, I, you know, I thank everybody here for these words of wisdom. I thank everybody for being willing to try something a little different than our standard Zoom format. Hopefully, we've engaged in the conversation here, in a direct one-on-one perspective, to allow new thoughts. Please, you know, whatever you think of this product, whatever you think the people said, I just want to emphasize that these financial service providers have gone out of their way to try something different in that sphere. We, at Brookings, went out of our way to try something different with this event and format and structure. The consumer groups came up here, not knowing which products or which industry person they were going to be paired with.

We're all trying something different. And we're trying something different because what we're doing isn't working for a lot of people. It is not working for a lot of people, and doubling down on things that say, oh, you know, we're just going to wait for somebody else to solve this problem, whether it's regulation, whether it's technology, that isn't going to work either. And so, let's try something a little bit different to solve these problems because, if not, we're going to have a lot more problems in the future. So, thank -- join me in thanking everybody for this conversation and look forward to continuing this conversation online. I know a lot of people sent questions. We had a lot more questions we didn't get a chance to enter and engage in. Hashtag #Overdraft on Twitter. Keep filling up our email inbox. And there'll be some more research in this topic coming up. So, once again, thank everybody. Have a wonderful rest of your day.

MR. PLANTE: Thanks, Aaron.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

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