



DCU BULLETIN

Division of Credit Unions

Washington State Department of Financial Institutions

Phone: (360) 902-8701

FAX: (360) 704-6901

February 26, 2004

No. B-04-03

Department Adopts Final Guidance on Overdraft Protection Programs For Credit Unions and Banks

On February 26, 2004 the Department of Financial Institutions (Department) adopted final guidance on overdraft protection programs for Washington state chartered financial institutions. Enclosed is a copy of Guidance and Best Practices.

The Department thoroughly reviewed the approximately 20 comment letters/documents from credit unions, banks, trade organizations, vendors, and consumer groups in response to the draft guidance. After careful consideration of all comments, the guidance was finalized.

The guidance sets expectations for discretionary overdraft protection programs with:

1. Flexibility for financial institutions to offer this service in a responsible manner; and
2. Protection for consumers through better disclosures about the program, timely notification of fees and charges, and clear information when the account will become overdrawn.

Please direct any questions about the Guidance and the Best Practices to Division of Credit Unions (360) 902-8701 or e-mail questions to comments@dfi.wa.gov