

Press Coverage | January 17, 2023

Community Banks Face Regulatory, Competitive Pressures to Alter Overdraft Policy

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James Stevens, co-leader of Troutman Pepper's Financial Services Industry Group, and Chris Willis, co-leader of the Consumer Financial Services Regulatory Practice Group, were quoted in the January 17, 2023 *S&P Global Market Intelligence* article, "[Community Banks Face Regulatory, Competitive Pressures to Alter Overdraft Policy.](#)"

However, "In 2023 and beyond, you're going to see some migration of those changes from bigger banks to smaller banks," James Stevens, co-leader of the financial institutions group at Troutman Pepper, said in an interview. "Small banks have been looking at that and thinking about, 'What does that mean for us?'"

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"What we've been hearing from smaller banks is that they're hearing the FDIC start to talk about overdraft," Chris Willis, a partner with Troutman Pepper who closely follows bank regulation issues, told *S&P Global Market Intelligence*.

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While the FDIC's focus may not be as sharp as the CFPB's crackdown on the larger banks, prudential regulators are starting to push their regulated banks "to go in that direction," Willis said.

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"Change is coming," Troutman Pepper's Stevens said. "It's going to be driven ultimately by regulatory and competitive pressure. Now is the time to start figuring out what works for your institution, and what you want to do to the extent that you rely on fees, what products and services you can add."

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Though regulatory and competitive pressures are trickling down to community banks, they are unlikely to make changes as dramatic as those made by the biggest banks last year, Willis said. However, they are re-examining their overdraft fee practices, experts said.

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