



# COMMONWEALTH OF MASSACHUSETTS

## DIVISION OF BANKS

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***DECISION***  
***ESTABLISHING CERTAIN MAXIMUM DISHONORED***  
***CHECK FEES AT MASSACHUSETTS***  
***STATE-CHARTERED INSTITUTIONS***  
***July 24, 2024***

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This decision establishes the maximum allowable fee Massachusetts state-chartered banks and credit unions may assess certain consumer deposit accounts for processing dishonored checks, otherwise referred to as deposit return items (DRI), under Massachusetts General Laws chapter 167D, section 6 and Massachusetts General Laws chapter 171, section 41A.<sup>1</sup> The maximum fee set by this decision shall remain in effect from August 1, 2024 to July 31, 2025, or until such time as the Division of Banks (Division) issues its 2025 DRI fee decision.

### **2024 DRI Determination**

The 2024 DRI fee is based upon deposit return item cost data independently obtained from a sample of state-chartered banks and credit unions. The Division collected this data during its regularly scheduled financial safety and soundness examinations under Massachusetts General Laws chapter 167, section 2. The sample of institutions reasonably reflects industry differences in asset size, charter type, geographical location, and DRI processing procedures. The Division used three years of DRI cost data to determine the maximum allowable fee under Massachusetts General Laws chapter 167D, section 6 and Massachusetts General Laws chapter 171, section 41A. The data collected from the Division's examination sampling process is summarized below.

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<sup>1</sup> These statutes govern the consumer deposit accounts of state-chartered banks and credit unions, respectively. The statutes were inserted by St. 1997, c.178, ss.1-2 as amended by St. 2014, c.482, s.35. The provisions are substantially identical. Addressing the actual costs incurred by a bank or credit union for processing a dishonored check, the act provides in pertinent part, *"that a bank [or credit union] may assess a reasonable fee, charge or assessment that represents its direct costs, as established annually by the Commissioner of Banks, incurred for processing such check, draft or money order."* (emphasis added)

A total of 100 institutions were surveyed. This sample included 46 banks and 54 credit unions.<sup>2</sup> The cost of processing deposit returned items ranged from \$0.38 to \$63.33 per item. The average cost to process a deposit return item was \$9.13 for banks and credit unions combined. Banks had an average cost of \$6.45 and credit unions had an average cost of \$11.43. The median cost of all institutions was \$8.24 per item.

### **Conclusion**

The maximum allowable fee Massachusetts state-chartered banks and credit unions may assess certain consumer deposit accounts for processing dishonored checks or DRI items under Massachusetts General Laws chapter 167D, section 6 and Massachusetts General Laws chapter 171, section 41A, respectively, shall be \$8.24. This fee determination shall be in effect from August 1, 2024 to July 31, 2025, or until such time as the Division issues its 2025 DRI fee decision.

State-chartered institutions are advised that the above DRI fee is the maximum fee permitted by law. Institutions, however, may elect to impose a lower DRI fee or to waive the fee for their customers.

July 24, 2024



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Mary L. Gallagher  
Commissioner of Banks

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<sup>2</sup> The list of responding institutions includes 8 cooperative banks, 26 savings banks, 12 commercial banks, and 54 credit unions. Asset sizes of all the institutions surveyed ranged from approximately \$1 million to \$6.77 billion. The survey was conducted during regular safety and soundness examinations over a three-year time span between January 1, 2021 and December 31, 2023. Institutions selected were done so solely based on examination scheduling. As a result, the components of the sample are randomly derived and are not necessarily reflective of all institutions under the Division's supervision. All collected data was reviewed for reasonableness.