



State of Washington

## DEPARTMENT OF FINANCIAL INSTITUTIONS

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May 22, 2020

To: The Chief Executive Officers of Banks and Credit Unions Operating in Washington State

Re: Additional Support for Customers Experiencing Difficulty due to Delayed  
Unemployment Benefits Stemming from the Novel Coronavirus (COVID-19)

The Department acknowledges your extraordinary work to serve your customers during these unusual times. Depository institutions across our state have worked with their customers to identify appropriate financial strategies and provide products to help consumers and businesses weather this crisis. The purpose of this bulletin is to make you aware of the possibility that customers may incur overdraft charges related to delayed unemployment benefits and ask that you provide relief in connection with such charges.

Early this past March, federal and state regulators issued a joint statement<sup>1</sup> asking financial institutions to meet the financial needs of customers and members affected by the coronavirus. State and federal regulatory agencies recognized the potential impact of the coronavirus on the customers, members, and operations of many financial institutions. The statement encourages financial institutions to work constructively with customers in affected communities. The statement also stressed that prudent efforts that are consistent with safe and sound practices should not be subject to examiner criticism.

Since that time, preventative closures of businesses and other activities have resulted in more than 1.1 million claims for unemployment benefits filed with the Washington State Department of Employment Security. While our unemployment insurance system is stressed by unprecedented volumes of claims, bad actors have committed massive identity theft and have made fraudulent claims for benefits.

The State of Washington is taking aggressive measures to combat this fraud. Unfortunately, investigating such fraud claims has temporarily slowed the process of administering legitimate claims while fraud is being identified and weeded out. As a result, many families who are depending on unemployment benefits to see them through this period of economic stress have yet to receive their benefit payments.

The delay in receiving unemployment benefits may result in consumers having deposits delayed that they reasonably expected to receive to cover outstanding expenses, and their account balances may be inadequate to cover scheduled payments. Resulting overdraft fees may consume

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<sup>1</sup> (<https://www.fdic.gov/news/news/press/2020/pr20025.html>)

a significant portion of their eventual benefit payment, diminishing the intended effect of the unemployment benefit system – to help Washingtonians survive through periods of temporary economic hardship.

Given the financial burden that fees may cause, the DFI is asking all banks and credit unions to take reasonable and prudent actions to support those depositors adversely impacted by unemployment claim processing delays. Specifically, when customers bring information forward evidencing unemployment claim processing delays, we are asking that your institution consider:

- Waiving overdraft fees for a period of 90 days;
- Postponing closure of any impacted accounts for 90 days;
- Refraining from reporting such overdrafts to credit rating agencies for 90 days;
- Consider offering overdraft protection to help affected customers stabilize their finances; and
- Proactively reaching out to customers once it is known to the institution that the customer may be affected by the unemployment benefit payment delays to explain the above-listed assistance available to them.

DFI believes that reasonable and prudent efforts during this time to assist depositors under these unusual and extreme circumstances are in the public interest and protect against further economic harm to those who are most vulnerable.

We recognize the impact of this request on your business. We are ready to work with you in implementation.

If you have any questions, please contact your regular point of contact at the Department.

Sincerely,

Charlie Clark  
Director