

**Testimony of Jason Wilk
Founder & Chief Executive Officer, Dave**

“Examining Overdraft Fees and Their Effects on Working
Families”

Before the Senate Banking Subcommittee on Financial
Institutions and Consumer Protection

May 4, 2022

Good afternoon, Chairman Warnock, Ranking Member Tillis and distinguished members of the Subcommittee. Thank you for inviting me to participate in today's hearing.

The topic of the hearing aligns closely with the story of Dave. First and foremost, Dave is a technology company building financial solutions to serve everyday Americans and working families who are struggling with some or all aspects of their financial lives.

Dave is a powerful app designed to unlock fair financial services for the 170 million Americans who need it most, the financially vulnerable and the financially coping. Our mission was *and is* to build a superior banking solution for anyone living paycheck to paycheck.

By estimates, there are 35 million people who are financially vulnerable, struggling with every aspect of their financial life. These are individuals who overdraft 10 to 20 times per year, are reliant on single-pay credit, and need help building credit and finding new work opportunities.¹

Additionally, there are approximately 131 million Americans who are financially coping, struggling with some but not all aspects of their financial life. This group is overdrafting several times per year, needs help building credit, and needs access to affordable short and long-term credit, savings and investing advice.²

Our goal, in 2017, was to disrupt overdraft, a proven pain point for the financially vulnerable and the financially coping. Americans pay more than \$30 billion annually in overdraft fees to traditional banks, with the typical transactions causing overdrafts being those to buy gas and groceries.³ I myself was a victim of significant amounts of overdraft fees when I was in college and following school -- especially with my second business where my initial salary was capped at \$30,000 a year, living in San Francisco and having to travel back to Los Angeles. As you can imagine, that's a challenging salary to live off of and I was consistently hit with high overdraft fees while living on couches. And if it was happening to me -- as somebody who grew up in a middle class family -- then I can only imagine the impacts as you move down the income scale, especially moving into predominantly minority and lower income communities.

Against this backdrop, we started by building a simple app allowing customers to link their existing bank account to our financial insight tool to help customers understand what bills are coming up that could lead to an overdraft in their bank account. This service is increasingly useful in a world with so much tied to auto pay and direct debit, which makes it difficult to keep

¹ [Financial Health Network's 2021 Financial Health Pulse Report](#).

² Ibid.

³ Tara Siegel Bernard. 22 June 2021. "[Banks Slowly Offer Alternatives to Overdraft Fees, a Bane of Struggling Spenders.](#)" *New York Times*.

track of which bills could cause us to go negative. With our ‘insights,’ through a little head’s up, customers had the ability to prevent a water, power or Netflix bill triggering a \$34 overdraft fee.⁴

We realized early on -- and also based on my own personal experience -- that consumers are primarily using overdraft knowingly, as a form of overpriced short-term credit. I relied on overdraft to fill my gas tank. I relied on overdraft to buy groceries. I did not see a payday loan or a high interest credit card as a viable option. I also recognized that I only really needed \$50 to \$100 to get by until a paycheck hit.

With this in mind, we sought to find a better option than traditional and expensive overdraft to address the smaller dollar, short-term liquidity needs of our customers that were triggering overdraft fees. Our solution was to offer our customers instant, interest-free liquidity, up to \$250, whenever they need it to buy those everyday essentials without incurring high overdraft fees. Millions of customers now access our ExtraCash service. We estimate consumers have saved over \$1.5 billion in overdraft fees, with \$50 million in ExtraCash transactions delivered.⁵

Our customers can also open a Dave Bank account, which we launched in December 2020 through a partnership with Evolve Bank & Trust. Dave Banking comes with no minimum balance fees or overdraft fees, real-time spend alerts, and the ability for our customers to access their paycheck up to two days early.

Lastly, we're the first fintech to help customers put money in their pockets by tapping into the gig economy through our ‘Side Hustle’ capability. This product helps customers apply to additional side income opportunities from Uber, Instacart, DoorDash, Lyft, and other partners. We have facilitated nearly three million applications for work since this launched, in 2019, helping our members generate millions of dollars in incremental income.⁶

As you can see, at Dave, we are constantly striving to add services and functionality to our product set to improve our customers’ financial health. Through our innovation practices and determining the pain points for the everyday consumer, we anticipate that we will continue to add additional tools to help improve the financial lives of our customers. To that end, later this year we plan to add yet another option to improve the financial life of our customers - allowing them to build their credit when using Dave for some of their regular transactions.

At the end of the day, Dave stands for the everyday person; the everyday mom or dad who make up the backbone of today’s working family. We realize that overdraft - as a short-term solution

⁴ CFPB Director Rohit Chopra. 01 Dec 2021. “[Prepared Remarks of CFPB Director Rohit Chopra on the Overdraft Press Call.](#)” “Most financial institutions charge a fee, typically around \$34, for this service.”

⁵ Dave Analyst Day. 25 Mar 2022. “Dave users have taken over \$45M of overdraft protection advances, typically avoiding ~\$35 overdraft fee from their legacy bank. Dave Users have recorded in aggregate \$300-400M/year in fees from their legacy banks in 2019 – 2020.”

⁶ Ibid. “2.9M+ job applications submitted since Sept. 2020.”

for the next tank of gas or bag of groceries - is critical to millions of Americans. But traditional financial services failed to deliver a fair product. At Dave, we're working to level the financial playing field for those who need it most.

Thank you again for the invitation to appear before you. I look forward to answering your questions.