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LILA NIEVES-LEE, STAFF DIRECTOR
JON DONENBERG, DEMOCRATIC STAFF DIRECTOR

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

January 22, 2025

Jamie Dimon
Chief Executive Officer
JPMorgan Chase & Co.
270 Park Avenue
New York, NY 10017

Dear Mr. Dimon,

Following reporting that JPMorgan Chase Bank (JPMC) made its “biggest-ever” profit in 2024,¹ we write to follow up on Senator Reed’s November 2022 letter about JPMC profiteering from elevated interest rates.²

When the Federal Reserve began raising the federal funds rate in March 2022, JPMC was very quick to increase the interest rates that it charged borrowers for mortgages, auto loans, and credit cards.³ In September 2022, you testified before the Senate Banking Committee that you expected to also increase the rates that JPMC pays savers—albeit at a slower pace.⁴ At that time, JPMC was charging 6.98% for a mortgage, and 18% to 27% for a credit card, while paying its customers .01% on a demand deposit account.⁵

But two years later and despite your testimony, JPMC’s interest rates have not budged. While the interest rate that JPMC earns on the balances that it maintains in its own accounts at the Federal Reserve has risen from 3.15% to 4.4%, JPMC’s customers continue to earn a negligible .01% on their savings.⁶ According to one analysis, this state of affairs—charging borrowers a lot, paying

¹ Reuters, “JPMorgan earns biggest-ever annual profit as investment bankers ride rebound,” Niket Nishant and Nupur Anand, January 15, 2025, <https://www.reuters.com/business/finance/jpmorgan-profit-jumps-dealmakers-traders-ride-market-rebound-2025-01-15/>.

² Letter from Senator Reed to JPMC CEO Jamie Dimon, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

³ Financial Times, “Fed’s high-rates era handed \$1tn windfall to US banks,” Stephen Gandel and Joshua Franklin, September 22, 2024, <https://www.ft.com/content/4c013d3b-796b-47a3-a964-02f753d39846>.

⁴ Senate Committee on Banking, Housing, and Urban Affairs, “Annual Oversight of the Nation’s Largest Banks,” September 22, 2022, <https://www.banking.senate.gov/hearings/annual-oversight-of-the-nations-largest-banks>.

⁵ Letter from Senator Reed to JPMC CEO Jamie Dimon, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

⁶ Federal Reserve Board, “Interest on Reserve Balances,” <https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>; Chase, “Chase Savings Interest Rates,” <https://www.chase.com/personal/savings/savings-account/interest-rates>.

savers a little, and pocketing interest paid by the Federal Reserve—has enabled U.S. banks to collectively make record profits of \$1 trillion,⁷ while savers have struggled to keep up with inflation. Last year, JPMC made over \$93 billion in net interest income, the difference between what the bank charges on its loans and what it pays out on deposits.⁸ Experts have called megabanks’ current net interest income a “Goldilocks situation” where banks have benefitted from higher Federal Reserve interest rates and kept deposit rates low.⁹

Research by Federal Reserve staff has confirmed that big banks like JPMC have not meaningfully passed through interest rates to depositors.¹⁰ While the deposit rate for savers always lags the federal funds rate, this gap is far more pronounced for customers of big banks than for regional and community banks.¹¹ And even though banks of all sizes offer savings products with yields that are more closely aligned with the 4.4% that JPMC receives on its balances at the Federal Reserve, many of these products, like Certificates of Deposits, have long lock-up periods that prevent customers from accessing them in case of emergency.¹² Further, some of these savings products that promised customers high yields in exchange for locking up cash for a longer term have hidden features giving the bank a free option to cancel them early and return customers’ money, rather than be locked into paying customers higher rates.¹³

Since 2022, the concerns that Senator Reed raised in his letter have only become more serious. It is still the case that “the biggest banks are exploiting the higher interest rate environment to benefit their executives and shareholders, not the ordinary Americans whose deposits provide the funding necessary for those banks to operate.”¹⁴

Please respond to the following questions by February 14, 2025:

1. For each month since March 2022, when the Fed started raising interest rates,¹⁵ please provide the following:
 - a. The total amount of money your bank held in Fed accounts;
 - b. The average yield your bank received on that money held in Fed accounts;

⁷ Financial Times, “Fed’s high-rates era handed \$1tn windfall to US banks,” Stephen Gandel and Joshua Franklin, September 22, 2024, <https://www.ft.com/content/4c013d3b-796b-47a3-a964-02f753d39846>.

⁸ JPMorganChase, “4Q24 Financial Results,” p. 3, <https://www.jpmorganchase.com/content/dam/jpmc/jpmorganchase-and-co/investor-relations/documents/quarterly-earnings/2024/4th-quarter/9aff0e71-2b8c-4f41-ac93-8da74c263894.pdf>.

⁹ Financial Times, “Big US banks set for \$31bn quarterly profit as Wall street business booms,” Stephen Gandel, January 13, 2025, <https://www.ft.com/content/8b43b5f5-822e-4fcd-a57a-c5a591696c27>.

¹⁰ Federal Reserve Board, “Is This Time Different: How are Banks Performing during the Recent Interest Rate Increases Compared to 2004-2006?,” Anya Kleymenova, Lori Leu, and Cindy M. Vojtech, April 12, 2024, <https://www.federalreserve.gov/econres/notes/feds-notes/is-this-time-different-how-are-banks-performing-during-the-rir-increases-compared-to-2004-2006-20240412.html>.

¹¹ Board of Governors of the Federal Reserve System, “Senior Financial Officer Survey Results,” pp. 3-4, 20-21, March 2024, <https://www.federalreserve.gov/data/sfos/files/senior-financial-officer-survey-202403.pdf>.

¹² Forbes, “Pros and Cons of Using A Certificate Of Deposit (CD)Your Savings,” Rebecca Lake, September 27, 2024, <https://www.forbes.com/advisor/banking/pros-and-cons-of-using-a-certificate-of-deposit-cd-for-your-savings/>.

¹³ Wall Street Journal, “That 5% CD Is a Great Deal—Until the Bank Calls It Back,” Imani Moise, October 1, 2024, <https://www.wsj.com/personal-finance/certificates-deposit-high-yield-callable-db7635b3>.


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¹⁵ Federal Reserve Bank of St. Louis, “Federal Funds Effective Rate,” <https://fred.stlouisfed.org/series/FEDFUNDS>.


- c. The total amount of demand deposits in retail savings and checking accounts at your bank;
 - d. The average yield your bank paid on those demand deposits for retail customers.
2. How does your bank adjust demand savings and checking account yields in response to the Federal Reserve's interest rate changes? If so, what was the time lag between the Fed's announcements and your adjustments and were they fully adjusted, consistent with the Fed's changes?
3. What portion of your bank's executive compensation was based—in whole or in part—on your bank's interest rate profiteering over the last two years?
4. How much did your bank distribute to shareholders, in the form of stock buybacks or dividends, based on the profits made from the differential payout from your Fed account and your customers' accounts?

We appreciate your attention to this important matter.

Sincerely,



Elizabeth Warren
United States Senator



Jack Reed
United States Senator

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COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

January 22, 2025

Charles Scharf
Chief Executive Officer
Wells Fargo & Co.
420 Montgomery Street
San Francisco, CA 94111

Dear Mr. Scharf,

Following reporting that Wells Fargo Bank (Wells Fargo) made nearly \$20 billion in profits in 2024,¹ we write to follow up on Senator Reed's November 2022 letter about Wells Fargo profiteering from elevated interest rates.²

When the Federal Reserve began raising the federal funds rate in March 2022, Wells Fargo was very quick to increase the interest rates that it charged borrowers for mortgages, auto loans, and credit cards.³ In September 2022, you testified before the Senate Banking Committee that you expected to also increase the rates that Wells Fargo pays savers—albeit at a slower pace.⁴ At that time, Wells Fargo was charging 7.08% for a mortgage, and 16% to 28% for a credit card, while paying its customers .01% on a demand deposit account.⁵

But two years later and despite your testimony, Wells Fargo's interest rates have not budged. While the interest rate that Wells Fargo earns on the balances that it maintains in its own accounts at the Federal Reserve has risen from 3.15% to 4.4%, Wells Fargo's customers continue to earn a negligible .01% on their savings.⁶ According to one analysis, this state of affairs—

¹ Reuters, "Wells Fargo raises interest income forecast as strong dealmaking drives profit beat," Arasu Basil et al, January 15, 2025, <https://www.reuters.com/business/finance/wells-fargo-earnings-climb-investment-banking-shines-2025-01-15/>.

² Letter from Senator Reed to Wells Fargo CEO Charles Scharf, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

³ Financial Times, "Fed's high-rates era handed \$1tn windfall to US banks," Stephen Gandel and Joshua Franklin, September 22, 2024, <https://www.ft.com/content/4c013d3b-796b-47a3-a964-02f753d39846>.

⁴ Senate Committee on Banking, Housing, and Urban Affairs, "Annual Oversight of the Nation's Largest Banks," September 22, 2022, <https://www.banking.senate.gov/hearings/annual-oversight-of-the-nations-largest-banks>.

⁵ Letter from Senator Reed to Wells Fargo CEO Charles Scharf, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

⁶ Federal Reserve Board, "Interest on Reserve Balances," <https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>; Wells Fargo, "Savings and Certificate of Deposit (CD) Interest Rates," <https://www.wellsfargo.com/savings-cds/rates/>.

charging borrowers a lot, paying savers a little, and pocketing interest paid by the Federal Reserve—has enabled U.S. banks to collectively make record profits of \$1 trillion,⁷ while savers have struggled to keep up with inflation. Last year, Wells Fargo made over \$47 billion in net interest income, the difference between what the bank charges on its loans and what it pays out on deposits.⁸ Experts have called megabanks’ current net interest income a “Goldilocks situation” where banks have benefitted from higher Federal Reserve interest rates and kept deposit rates low.⁹

Research by Federal Reserve staff has confirmed that big banks like Wells Fargo have not meaningfully passed through interest rates to depositors.¹⁰ While the deposit rate for savers always lags the federal funds rate, this gap is far more pronounced for customers of big banks than for regional and community banks.¹¹ And even though banks of all sizes offer savings products with yields that are more closely aligned with the 4.4% that Wells Fargo receives on its balances at the Federal Reserve, many of these products, like Certificates of Deposits, have long lock-up periods that prevent customers from accessing them in case of emergency.¹² Further, some of these savings products that promised customers high yields in exchange for locking up cash for a longer term have hidden features giving the bank a free option to cancel them early and return customers’ money, rather than be locked into paying customers higher rates.¹³

Since 2022, the concerns that Senator Reed raised in his letter have only become more serious. It is still the case that “the biggest banks are exploiting the higher interest rate environment to benefit their executives and shareholders, not the ordinary Americans whose deposits provide the funding necessary for those banks to operate.”¹⁴

Please respond to the following questions by February 14, 2025:

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⁷ Financial Times, “Fed’s high-rates era handed \$1tn windfall to US banks,” Stephen Gandel and Joshua Franklin, September 22, 2024, <https://www.ft.com/content/4c013d3b-796b-47a3-a964-02f753d39846>.

⁸ Reuters, “Wells Fargo raises interest income forecast as strong dealmaking drives profit beat,” Arasu Kannagi Basil et al, January 15, 2025, <https://www.reuters.com/business/finance/wells-fargo-earnings-climb-investment-banking-shines-2025-01-15/>.

⁹ Financial Times, “Big US banks set for \$31bn quarterly profit as Wall street business booms,” Stephen Gandel, January 13, 2025, <https://www.ft.com/content/8b43b5f5-822e-4fcd-a57a-c5a591696c27>.

¹⁰ Federal Reserve Board, “Is This Time Different: How are Banks Performing during the Recent Interest Rate Increases Compared to 2004-2006?,” Anya Kleymenova, Lori Leu, and Cindy M. Vojtech, April 12, 2024, <https://www.federalreserve.gov/econres/notes/feds-notes/is-this-time-different-how-are-banks-performing-during-the-rir-increases-compared-to-2004-2006-20240412.html>.

¹¹ Board of Governors of the Federal Reserve System, “Senior Financial Officer Survey Results,” pp. 3-4, 20-21, March 2024, <https://www.federalreserve.gov/data/sfos/files/senior-financial-officer-survey-202403.pdf>.

¹² Forbes, “Pros and Cons of Using A Certificate Of Deposit (CD) Your Savings,” Rebecca Lake, September 27, 2024, <https://www.forbes.com/advisor/banking/pros-and-cons-of-using-a-certificate-of-deposit-cd-for-your-savings/>.

¹³ Wall Street Journal, “That 5% CD Is a Great Deal—Until the Bank Calls It Back,” Imani Moise, October 1, 2024, <https://www.wsj.com/personal-finance/certificates-deposit-high-yield-callable-db7635b3>.

¹⁴ Letter from Senator Reed to Wells Fargo CEO Charles Scharf, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

¹⁵ Federal Reserve Bank of St. Louis, “Federal Fund Effective Rate,” <https://fred.stlouisfed.org/series/FEDFUNDS>.

- a. The total amount of money your bank held in Fed accounts;
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We appreciate your attention to this important matter.

Sincerely,



Elizabeth Warren
United States Senator



Jack Reed
United States Senator

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COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

January 22, 2025

Andy Cecere
Chief Executive Officer
U.S. Bancorp
800 Nicollet Mall
Minneapolis, MN 55402

Dear Mr. Cecere,

Following reporting that U.S. Bancorp (U.S. Bank) made total net revenue of over \$27 billion in 2024,¹ we write to follow up on Senator Reed's November 2022 letter about U.S. Bank profiteering from elevated interest rates.²

When the Federal Reserve began raising the federal funds rate in March 2022, U.S. Bank was very quick to increase the interest rates that it charged borrowers for mortgages, auto loans, and credit cards.³ In September 2022, you testified before the Senate Banking Committee that you expected to also increase the rates that U.S. Bank pays savers—albeit at a slower pace.⁴ At that time, U.S. Bank was charging 6.934% for a mortgage, and 17% to 27% for a credit card, while paying its customers .01% on a demand deposit account.⁵

But two years later and despite your testimony, U.S. Bank's interest rates have not budged. While the interest rate that U.S. Bank earns on the balances that it maintains in its own accounts at the Federal Reserve has risen from 3.15% to 4.4%, U.S. Bank's customers continue to earn a negligible .05% on their savings.⁶ According to one analysis, this state of affairs—charging

¹ U.S. Bancorp, "4Q24 Key Financial Data," p. 18, <https://www.sec.gov/Archives/edgar/data/36104/000003610425000005/a4q24earningsrelease.htm>.

² Letter from Senator Reed to U.S. Bank CEO Andy Cecere, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

³ Financial Times, "Fed's high-rates era handed \$1tn windfall to US banks," Stephen Gandel and Joshua Franklin, September 22, 2024, <https://www.ft.com/content/4c013d3b-796b-47a3-a964-02f753d39846>.

⁴ Senate Committee on Banking, Housing, and Urban Affairs, "Annual Oversight of the Nation's Largest Banks," September 22, 2022, <https://www.banking.senate.gov/hearings/annual-oversight-of-the-nations-largest-banks>.

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⁶ Federal Reserve Board, "Interest on Reserve Balances," <https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>; U.S. Bank, "Savings Account Interest Rates," <https://www.usbank.com/bank-accounts/savings-accounts/bank-smartly-savings/savings-account-interest-rates.html>.

borrowers a lot, paying savers a little, and pocketing interest paid by the Federal Reserve—has enabled U.S. banks to collectively make record profits of \$1 trillion,⁷ while savers have struggled to keep up with inflation. Last year, U.S. Bank made over \$16 billion in net interest income, the difference between what the bank charges on its loans and what it pays out on deposits.⁸ Experts have called megabanks’ current net interest income a “Goldilocks situation” where banks have benefitted from higher Federal Reserve interest rates and kept deposit rates low.⁹

Research by Federal Reserve staff has confirmed that big banks like U.S. Bank have not meaningfully passed through interest rates to depositors.¹⁰ While the deposit rate for savers always lags the federal funds rate, this gap is far more pronounced for customers of big banks than for regional and community banks.¹¹ And even though banks of all sizes offer savings products with yields that are more closely aligned with the 4.4% that U.S. Bank receives on its balances at the Federal Reserve, many of these products, like Certificates of Deposits, have long lock-up periods that prevent customers from accessing them in case of emergency.¹² Further, some of these savings products that promised customers high yields in exchange for locking up cash for a longer term have hidden features giving the bank a free option to cancel them early and return customers’ money, rather than be locked into paying customers higher rates.¹³

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⁸ US Bancorp, “4Q24 Key Financial Data,” p. 2,

<https://www.sec.gov/Archives/edgar/data/36104/000003610425000005/a4q24earningsrelease.htm>.

⁹ Financial Times, “Big US banks set for \$31bn quarterly profit as Wall street business booms,” Stephen Gandel, January 13, 2025, <https://www.ft.com/content/8b43b5f5-822e-4fcd-a57a-c5a591696c27>.

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¹² Forbes, “Pros and Cons of Using A Certificate Of Deposit (CD)Your Savings,” Rebecca Lake, September 27, 2024, <https://www.forbes.com/advisor/banking/pros-and-cons-of-using-a-certificate-of-deposit-cd-for-your-savings/>.

¹³ Wall Street Journal, “That 5% CD Is a Great Deal—Until the Bank Calls It Back,” Imani Moise, October 1, 2024, <https://www.wsj.com/personal-finance/certificates-deposit-high-yield-callable-db7635b3>.

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Sincerely,



Elizabeth Warren
United States Senator



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WASHINGTON, DC 20510-6075

January 22, 2025

William Demchak
Chairman and Chief Executive Officer
The PNC Financial Services Group, Inc.
300 Fifth Avenue
Pittsburgh, PA 15222

Dear Mr. Demchak,

Following reporting that PNC Financial Services Group (PNC), made over \$21 billion in revenue in 2024,¹ we write to follow up on Senator Reed's November 2022 letter about PNC profiteering from elevated interest rates.²

When the Federal Reserve began raising the federal funds rate in March 2022, PNC was very quick to increase the interest rates that it charged borrowers for mortgages, auto loans, and credit cards.³ In September 2022, you testified before the Senate Banking Committee that you expected to also increase the rates that PNC pays savers—albeit at a slower pace.⁴ At that time, PNC was charging 6.92% for a mortgage, and 14% to 28% for a credit card, while paying its customers .01% on a demand deposit account.⁵

But two years later and despite your testimony, PNC's interest rates have not budged. While the interest rate that PNC earns on the balances that it maintains in its own accounts at the Federal Reserve has risen from 3.15% to 4.4%, PNC's customers continue to earn a negligible .02% on their savings.⁶ According to one analysis, this state of affairs—charging borrowers a lot, paying savers a little, and pocketing interest paid by the Federal Reserve—has enabled U.S. banks to

¹ PNC, "News Release," p. 1, https://d1io3yog0oux5.cloudfront.net/_d20b127a4fd27da709bbceaea9383eac/pnc/db/2250/21537/earnings_release/4Q24+Earnings+Release_Final.pdf.

² Letter from Senator Reed to PNC CEO William Demchak, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

³ Financial Times, "Fed's high-rates era handed \$1tn windfall to US banks," Stephen Gandel and Joshua Franklin, September 22, 2024, <https://www.ft.com/content/4c013d3b-796b-47a3-a964-02f753d39846>.

⁴ Senate Committee on Banking, Housing, and Urban Affairs, "Annual Oversight of the Nation's Largest Banks," September 22, 2022, <https://www.banking.senate.gov/hearings/annual-oversight-of-the-nations-largest-banks>.

⁵ Letter from Senator Reed to PNC CEO William Demchak, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

⁶ Federal Reserve Board, "Interest on Reserve Balances," <https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>; PNC, "Deposit Rates," <https://www.pnc.com/en/rates/savings/15224/NA>.

collectively make record profits of \$1 trillion,⁷ while savers have struggled to keep up with inflation. Last year, PNC made over \$13 billion in net interest income, the difference between what the bank charges on its loans and what it pays out on deposits.⁸ Experts have called megabanks' current net interest income a "Goldilocks situation" where banks have benefitted from higher Federal Reserve interest rates and kept deposit rates low.⁹

Research by Federal Reserve staff has confirmed that big banks like PNC have not meaningfully passed through interest rates to depositors.¹⁰ While the deposit rate for savers always lags the federal funds rate, this gap is far more pronounced for customers of big banks than for regional and community banks.¹¹ And even though banks of all sizes offer savings products with yields that are more closely aligned with the 4.4% that PNC receives on its balances at the Federal Reserve, many of these products, like Certificates of Deposits, have long lock-up periods that prevent customers from accessing them in case of emergency.¹² Further, some of these savings products that promised customers high yields in exchange for locking up cash for a longer term have hidden features giving the bank a free option to cancel them early and return customers' money, rather than be locked into paying customers higher rates.¹³

Since 2022, the concerns that Senator Reed raised in his letter have only become more serious. It is still the case that "the biggest banks are exploiting the higher interest rate environment to benefit their executives and shareholders, not the ordinary Americans whose deposits provide the funding necessary for those banks to operate."¹⁴

Please respond to the following questions by February 14, 2024:

1. For each month since March 2022, when the Fed started raising interest rates,¹⁵ please provide the following:
 - a. The total amount of money your bank held in Fed accounts;
 - b. The average yield your bank received on that money held in Fed accounts;
 - c. The total amount of demand deposits held in retail savings and checking accounts at your bank;

⁷ Financial Times, "Fed's high-rates era handed \$1tn windfall to US banks," Stephen Gandel and Joshua Franklin, September 22, 2024, <https://www.ft.com/content/4c013d3b-796b-47a3-a964-02f753d39846>.

⁸ PNC, "News Release," p. 1, https://d1io3yog0oux5.cloudfront.net/_d20b127a4fd27da709bbceaea9383eac/pnc/db/2250/21537/earnings_release/4Q24+Earnings+Release_Final.pdf.

⁹ Financial Times, "Big US banks set for \$31bn quarterly profit as Wall street business booms," Stephen Gandel, January 13, 2025, <https://www.ft.com/content/8b43b5f5-822e-4fcd-a57a-c5a591696c27>.

¹⁰ Federal Reserve Board, "Is This Time Different: How are Banks Performing during the Recent Interest Rate Increases Compared to 2004-2006?," Anya Kleymenova, Lori Leu, and Cindy M. Vojtech, April 12, 2024, <https://www.federalreserve.gov/econres/notes/feds-notes/is-this-time-different-how-are-banks-performing-during-the-rir-increases-compared-to-2004-2006-20240412.html>.

¹¹ Board of Governors of the Federal Reserve System, "Senior Financial Officer Survey Results," pp. 3-4, 20-21, March 2024, <https://www.federalreserve.gov/data/sfos/files/senior-financial-officer-survey-202403.pdf>.

¹² Forbes, "Pros and Cons of Using A Certificate Of Deposit (CD)Your Savings," Rebecca Lake, September 27, 2024, <https://www.forbes.com/advisor/banking/pros-and-cons-of-using-a-certificate-of-deposit-cd-for-your-savings/>.

¹³ Wall Street Journal, "That 5% CD Is a Great Deal—Until the Bank Calls It Back," Imani Moise, October 1, 2024, <https://www.wsj.com/personal-finance/certificates-deposit-high-yield-callable-db7635b3>.

¹⁴ Letter from Senator Reed to PNC CEO William Demchak, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

¹⁵ Federal Reserve Bank of St. Louis, "Federal Fund Effective Rate," <https://fred.stlouisfed.org/series/FEDFUNDS>.

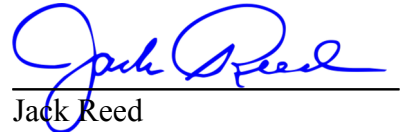
- d. The average yield your bank paid on those demand deposits for retail customers.
2. How does your bank adjust demand savings and checking account yields in response to the Federal Reserve's interest rate changes? If so, what was the time lag between the Fed's announcements and your adjustments and were they fully adjusted, consistent with the Fed's changes?
3. What portion of your bank's executive compensation was based—in whole or in part—on your bank's interest rate profiteering over the last two years?
4. How much did your bank distribute to shareholders, in the form of stock buybacks or dividends, based on the profits made from the differential payout from your Fed account and your customers' accounts?

We appreciate your attention to this important matter.

Sincerely,



Elizabeth Warren
United States Senator



Jack Reed
United States Senator

TIM SCOTT, SOUTH CAROLINA, CHAIRMAN
ELIZABETH WARREN, MASSACHUSETTS, RANKING MEMBER

MIKE CRAPO, IDAHO
MIKE ROUNDS, SOUTH DAKOTA
THOM TILLIS, NORTH CAROLINA
JOHN KENNEDY, LOUISIANA
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CYNTHIA LUMMIS, WYOMING
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JIM BANKS, INDIANA
KEVIN CRAMER, NORTH DAKOTA
BERNIE MORENO, OHIO
DAVID McCORMICK, PENNSYLVANIA

JACK REED, RHODE ISLAND
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CATHERINE CORTEZ MASTO, NEVADA
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LILA NIEVES-LEE, STAFF DIRECTOR
JON DONENBERG, DEMOCRATIC STAFF DIRECTOR

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

January 22, 2025

Brian Moynihan
Chief Executive Officer and Chair of the Board
Bank of America Corporation
100 North Tryon Street
Charlotte, NC 28202

Dear Mr. Moynihan,

Following reporting that Bank of America (BOA) made over \$27 billion in profits in 2024,¹ we write to follow up on Senator Reed's November 2022 letter about BOA profiteering from elevated interest rates.²

When the Federal Reserve began raising the federal funds rate in March 2022, BOA was very quick to increase the interest rates that it charged borrowers for mortgages, auto loans, and credit cards.³ In September 2022, you testified before the Senate Banking Committee that you expected to also increase the rates that BOA pays savers—albeit at a slower pace.⁴ At that time, BOA was charging 6.9% for a mortgage, and 15% to 27% for a credit card, while paying its customers .01% on a demand deposit account.⁵

But two years later and despite your testimony, BOA's interest rates have not budged. While the interest rate that JPMC earns on the balances that it maintains in its own accounts at the Federal Reserve has risen from 3.15% to 4.4%, BOA's customers continue to earn a negligible .01% on their savings.⁶ According to one analysis, this state of affairs—charging borrowers a lot, paying

¹ Yahoo Finance, "Bank of American and Morgan Stanley cement a Wall Street revival," David Hollerith, January 16, 2025, <https://finance.yahoo.com/news/bank-of-america-and-morgan-stanley-cement-a-wall-street-revival-120303436.html>.

² Letter from Senator Reed to Bank of America CEO Brian Moynihan, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

³ Financial Times, "Fed's high-rates era handed \$1tn windfall to US banks," Stephen Gandel and Joshua Franklin, September 22, 2024, <https://www.ft.com/content/4c013d3b-796b-47a3-a964-02f753d39846>.

⁴ Senate Committee on Banking, Housing, and Urban Affairs, "Annual Oversight of the Nation's Largest Banks," September 22, 2022, <https://www.banking.senate.gov/hearings/annual-oversight-of-the-nations-largest-banks>.

⁵ Letter from Senator Reed to Bank of America CEO Brian Moynihan, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

⁶ Federal Reserve Board, "Interest on Reserve Balances," <https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>; Bank of America, "Deposit Interest Rates & Annual Percentage Yields (APYs)," https://media.bac-assets.com/DigitalDeposit_DC.pdf?cacheBuster=150.

savers a little, and pocketing interest paid by the Federal Reserve—has enabled U.S. banks to collectively make record profits of \$1 trillion,⁷ while savers have struggled to keep up with inflation. Last year, BOA made over \$56 billion in net interest income, the difference between what the bank charges on its loans and what it pays out on deposits.⁸

Experts have called megabanks' current net interest income a “Goldilocks situation” where banks have benefitted from higher Federal Reserve interest rates and kept deposit rates low.⁹

Research by Federal Reserve staff has confirmed that big banks like BOA have not meaningfully passed through interest rates to depositors.¹⁰ While the deposit rate for savers always lags the federal funds rate, this gap is far more pronounced for customers of big banks than for regional and community banks.¹¹ And even though banks of all sizes offer savings products with yields that are more closely aligned with the 4.4% that BOA receives on its balances at the Federal Reserve, many of these products, like Certificates of Deposits, have long lock-up periods that prevent customers from accessing them in case of emergency.¹² Further, some of these savings products that promised customers high yields in exchange for locking up cash for a longer term have hidden features giving the bank a free option to cancel them early and return customers' money, rather than be locked into paying customers higher rates.¹³

Since 2022, the concerns that Senator Reed raised in his letter have only become more serious. It is still the case that “the biggest banks are exploiting the higher interest rate environment to benefit their executives and shareholders, not the ordinary Americans whose deposits provide the funding necessary for those banks to operate.”¹⁴

Please respond to the following questions by February 14, 2025:

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⁷ Financial Times, “Fed’s high-rates era handed \$1tn windfall to US banks,” Stephen Gandel and Joshua Franklin, September 22, 2024, <https://www.ft.com/content/4c013d3b-796b-47a3-a964-02f753d39846>.

⁸ Bank of America, 4Q24 Financial Results, January 16, 2025, see Net Interest Income table, <https://www.sec.gov/ix?doc=/Archives/edgar/data/0000070858/000007085825000011/bac-20250116.htm>.

⁹ Financial Times, “Big US banks set for \$31bn quarterly profit as Wall street business booms,” Stephen Gandel, January 13, 2025, <https://www.ft.com/content/8b43b5f5-822e-4fcd-a57a-c5a591696c27>.

¹⁰ Federal Reserve Board, “Is This Time Different: How are Banks Performing during the Recent Interest Rate Increases Compared to 2004-2006?,” Anya Kleymenova, Lori Leu, and Cindy M. Vojtech, April 12, 2024, <https://www.federalreserve.gov/econres/notes/feds-notes/is-this-time-different-how-are-banks-performing-during-the-rir-increases-compared-to-2004-2006-20240412.html>.

¹¹ Board of Governors of the Federal Reserve System, “Senior Financial Officer Survey Results,” pp. 3-4, 20-21, March 2024, <https://www.federalreserve.gov/data/sfos/files/senior-financial-officer-survey-202403.pdf>.

¹² Forbes, “Pros and Cons of Using A Certificate Of Deposit (CD)Your Savings,” Rebecca Lake, September 27, 2024, <https://www.forbes.com/advisor/banking/pros-and-cons-of-using-a-certificate-of-deposit-cd-for-your-savings/>.

¹³ Wall Street Journal, “That 5% CD Is a Great Deal—Until the Bank Calls It Back,” Imani Moise, October 1, 2024, <https://www.wsj.com/personal-finance/certificates-deposit-high-yield-callable-db7635b3>.


¹⁴ Letter from Senator Reed to Bank of America CEO Brian Moynihan, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

¹⁵ Federal Reserve Bank of St. Louis, “Federal Fund Effective Rate,” <https://fred.stlouisfed.org/series/FEDFUNDS>.


- c. The total amount of demand deposits in retail savings and checking accounts at your bank;
 - d. The average yield your bank paid on those demand deposits for retail customers.
2. How does your bank adjust demand savings and checking account yields in response to the Federal Reserve's interest rate changes? If so, what was the time lag between the Fed's announcements and your adjustments and were they fully adjusted, consistent with the Fed's changes?
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4. How much did your bank distribute to shareholders, in the form of stock buybacks or dividends, based on the profits made from the differential payout from your Fed account and your customers' accounts?

We appreciate your attention to this important matter.

Sincerely,



Elizabeth Warren
United States Senator



Jack Reed
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JON DONENBERG, DEMOCRATIC STAFF DIRECTOR

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

January 22, 2025

William H. Rogers, Jr.
Chairman and Chief Executive Officer
Truist Financial Corporation
214 North Tryon Street
Charlotte, NC 28202

Dear Mr. Rogers,

Following reporting that Truist Financial Corporation (Truist) made over \$20 billion in adjusted revenue in 2024,¹ we write to follow up on Senator Reed's November 2022 letter about Truist profiteering from elevated interest rates.²

When the Federal Reserve began raising the federal funds rate in March 2022, Truist was very quick to increase the interest rates that it charged borrowers for mortgages, auto loans, and credit cards.³ In September 2022, you testified before the Senate Banking Committee that you expected to also increase the rates that Truist pays savers—albeit at a slower pace.⁴ At that time, Truist was charging 7.47% for a mortgage, and 14% to 25% for a credit card, while paying its customers .01% on a demand deposit account.⁵

But two years later and despite your testimony, Truist's interest rates have not budged. While the interest rate that Truist earns on the balances that it maintains in its own accounts at the Federal Reserve has risen from 3.15% to 4.4%, Truist's customers continue to earn a negligible .01% on their savings.⁶ According to one analysis, this state of affairs—charging borrowers a lot, paying

¹ Truist Financial Corporation, "Fourth Quarter 2024 Earnings Conference Call," p. 8, <https://ir.truist.com/earnings>.

² Letter from Senator Reed to Truist CEO William Rogers, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

³ Financial Times, "Fed's high-rates era handed \$1tn windfall to US banks," Stephen Gandel and Joshua Franklin, September 22, 2024, <https://www.ft.com/content/4c013d3b-796b-47a3-a964-02f753d39846>.

⁴ Senate Committee on Banking, Housing, and Urban Affairs, "Annual Oversight of the Nation's Largest Banks," September 22, 2022, <https://www.banking.senate.gov/hearings/annual-oversight-of-the-nations-largest-banks>.

⁵ Letter from Senator Reed to Truist CEO William Rogers, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

⁶ Federal Reserve Board, "Interest on Reserve Balances," <https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>; USA Today, "Truist savings account interest rates," Cassidy Horton, Ashley Barnett, and Taylor Tepper, June 7, 2024, <https://www.usatoday.com/money/blueprint/banking/savings/truist-savings-account-interest-rates/>.

savers a little, and pocketing interest paid by the Federal Reserve—has enabled U.S. banks to collectively make record profits of \$1 trillion,⁷ while savers have struggled to keep up with inflation. Last year, Truist made over \$14 billion in net interest income, the difference between what the bank charges on its loans and what it pays out on deposits.⁸ Experts have called megabanks’ current net interest income a “Goldilocks situation” where banks have benefitted from higher Federal Reserve interest rates and kept deposit rates low.⁹

Research by Federal Reserve staff has confirmed that big banks like Truist have not meaningfully passed through interest rates to depositors.¹⁰ While the deposit rate for savers always lags the federal funds rate, this gap is far more pronounced for customers of big banks than for regional and community banks.¹¹ And even though banks of all sizes offer savings products with yields that are more closely aligned with the 4.4% that Truist receives on its balances at the Federal Reserve, many of these products, like Certificates of Deposits, have long lock-up periods that prevent customers from accessing them in case of emergency.¹² Further, some of these savings products that promised customers high yields in exchange for locking up cash for a longer term have hidden features giving the bank a free option to cancel them early and return customers’ money, rather than be locked into paying customers higher rates.¹³

Since 2022, the concerns that Senator Reed raised in his letter have only become more serious. It is still the case that “the biggest banks are exploiting the higher interest rate environment to benefit their executives and shareholders, not the ordinary Americans whose deposits provide the funding necessary for those banks to operate.”¹⁴

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⁷ Financial Times, “Fed’s high-rates era handed \$1tn windfall to US banks,” Stephen Gandel and Joshua Franklin, September 22, 2024, <https://www.ft.com/content/4c013d3b-796b-47a3-a964-02f753d39846>.

⁸ Truist Financial Corporation, “Fourth Quarter 2024 Earnings Conference Call,” p. 11, <https://ir.truist.com/earnings>.

⁹ Financial Times, “Big US banks set for \$31bn quarterly profit as Wall street business booms,” Stephen Gandel, January 13, 2025, <https://www.ft.com/content/8b43b5f5-822e-4fcd-a57a-c5a591696c27>.

¹⁰ Federal Reserve Board, “Is This Time Different: How are Banks Performing during the Recent Interest Rate Increases Compared to 2004-2006?,” Anya Kleymenova, Lori Leu, and Cindy M. Vojtech, April 12, 2024, <https://www.federalreserve.gov/econres/notes/feds-notes/is-this-time-different-how-are-banks-performing-during-the-rir-increases-compared-to-2004-2006-20240412.html>.

¹¹ Board of Governors of the Federal Reserve System, “Senior Financial Officer Survey Results,” pp. 3-4, 20-21, March 2024, <https://www.federalreserve.gov/data/sfos/files/senior-financial-officer-survey-202403.pdf>.

¹² Forbes, “Pros and Cons of Using A Certificate Of Deposit (CD)Your Savings,” Rebecca Lake, September 27, 2024, <https://www.forbes.com/advisor/banking/pros-and-cons-of-using-a-certificate-of-deposit-cd-for-your-savings/>.

¹³ Wall Street Journal, “That 5% CD Is a Great Deal—Until the Bank Calls It Back,” Imani Moise, October 1, 2024, <https://www.wsj.com/personal-finance/certificates-deposit-high-yield-callable-db7635b3>.

¹⁴ Letter from Senator Reed to Truist CEO William Rogers, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

¹⁵ Federal Reserve Bank of St. Louis, “Federal Fund Effective Rate,” <https://fred.stlouisfed.org/series/FEDFUNDS>.

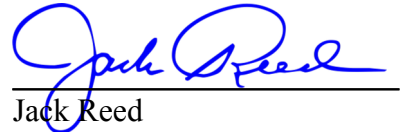
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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

January 22, 2025

Jane Fraser
Chief Executive Officer
Citigroup Inc.
388 Greenwich Street
New York, NY 10013

Dear Ms. Fraser,

Following reporting that Citigroup (Citi) made \$2.9 billion in profits in 2024,¹ we write to follow up on Senator Reed's November 2022 letter about Citi profiteering from elevated interest rates.²

When the Federal Reserve began raising the federal funds rate in March 2022, Citi was very quick to increase the interest rates that it charged borrowers for mortgages, auto loans, and credit cards.³ In September 2022, you testified before the Senate Banking Committee that you expected to also increase the rates that Citi pays savers—albeit at a slower pace.⁴ At that time, Citi was charging 6.875% for a mortgage, and 17% to 27% for a credit card, while paying its customers .01% on a demand deposit account.⁵

But two years later and despite your testimony, Citi's interest rates have not budged. While the interest rate that Citi earns on the balances that it maintains in its own accounts at the Federal Reserve has risen from 3.15% to 4.4%, Citi's customers continue to earn a negligible .03% on their savings.⁶ According to one analysis, this state of affairs—charging borrowers a lot, paying savers a little, and pocketing interest paid by the Federal Reserve—has enabled U.S. banks to

¹ Reuters, "Citi cuts return targets to spend more on regulatory fixes, plan \$20 billion in buybacks," Tatiana Bautzer and Manya Saini, January 15, 2025, <https://www.reuters.com/business/finance/citigroup-swings-profit-trading-strength-surgin-deals-2025-01-15/>.

² Letter from Senator Reed to Citi CEO Jane Fraser, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

³ Financial Times, "Fed's high-rates era handed \$1tn windfall to US banks," Stephen Gandel and Joshua Franklin, September 22, 2024, <https://www.ft.com/content/4c013d3b-796b-47a3-a964-02f753d39846>.

⁴ Senate Committee on Banking, Housing, and Urban Affairs, "Annual Oversight of the Nation's Largest Banks," September 22, 2022, <https://www.banking.senate.gov/hearings/annual-oversight-of-the-nations-largest-banks>.

⁵ Letter from Senator Reed to Citi CEO Jane Fraser, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

⁶ Federal Reserve Board, "Interest on Reserve Balances," <https://www.federalreserve.gov/monetarypolicy/reserve-balances.htm>; Citi, "Savings Account Rates," <https://www.citi.com/banking/current-interest-rates/savings-accounts>.

collectively make record profits of \$1 trillion,⁷ while savers have struggled to keep up with inflation. Last year, Citi made over \$13 billion in net interest income, the difference between what the bank charges on its loans and what it pays out on deposits.⁸ Experts have called megabanks' current net interest income a "Goldilocks situation" where banks have benefitted from higher Federal Reserve interest rates and kept deposit rates low.⁹

Research by Federal Reserve staff has confirmed that big banks like Citi have not meaningfully passed through interest rates to depositors.¹⁰ While the deposit rate for savers always lags the federal funds rate, this gap is far more pronounced for customers of big banks than for regional and community banks.¹¹ And even though banks of all sizes offer savings products with yields that are more closely aligned with the 4.4% that Citi receives on its balances at the Federal Reserve, many of these products, like Certificates of Deposits, have long lock-up periods that prevent customers from accessing them in case of emergency.¹² Further, some of these savings products that promised customers high yields in exchange for locking up cash for a longer term have hidden features giving the bank a free option to cancel them early and return customers' money, rather than be locked into paying customers higher rates.¹³

Since 2022, the concerns that Senator Reed raised in his letter have only become more serious. It is still the case that "the biggest banks are exploiting the higher interest rate environment to benefit their executives and shareholders, not the ordinary Americans whose deposits provide the funding necessary for those banks to operate."¹⁴

Please respond to the following questions by February 14, 2025:

1. For each month since March 2022, when the Fed started raising interest rates,¹⁵ please provide the following:
 - a. The total amount of money your bank held in Fed accounts;
 - b. The average yield your bank received on your reserves in Fed accounts;
 - c. The total amount of retail deposits held in retail savings and checking accounts at your bank;

⁷ Financial Times, "Fed's high-rates era handed \$1tn windfall to US banks," Stephen Gandel and Joshua Franklin, September 22, 2024, <https://www.ft.com/content/4c013d3b-796b-47a3-a964-02f753d39846>.

⁸ Citigroup, "Fourth Quarter and Full year 2024 Results and Key Metrics," p.3, <https://www.citigroup.com/rcs/citigpa/storage/public/Earnings/Q42024/4Q24-earnings-press-release.pdf>.

⁹ Financial Times, "Big US banks set for \$31bn quarterly profit as Wall street business booms," Stephen Gandel, January 13, 2025, <https://www.ft.com/content/8b43b5f5-822e-4fcd-a57a-c5a591696c27>.

¹⁰ Federal Reserve Board, "Is This Time Different: How are Banks Performing during the Recent Interest Rate Increases Compared to 2004-2006?," Anya Kleymenova, Lori Leu, and Cindy M. Vojtech, April 12, 2024, <https://www.federalreserve.gov/econres/notes/feds-notes/is-this-time-different-how-are-banks-performing-during-the-rir-increases-compared-to-2004-2006-20240412.html>.

¹¹ Board of Governors of the Federal Reserve System, "Senior Financial Officer Survey Results," pp. 3-4, 20-21, March 2024, <https://www.federalreserve.gov/data/sfos/files/senior-financial-officer-survey-202403.pdf>.

¹² Forbes, "Pros and Cons of Using A Certificate Of Deposit (CD)Your Savings," Rebecca Lake, September 27, 2024, <https://www.forbes.com/advisor/banking/pros-and-cons-of-using-a-certificate-of-deposit-cd-for-your-savings/>.

¹³ Wall Street Journal, "That 5% CD Is a Great Deal—Until the Bank Calls It Back," Imani Moise, October 1, 2024, <https://www.wsj.com/personal-finance/certificates-deposit-high-yield-callable-db7635b3>.


¹⁴ Letter from Senator Reed to Citi CEO Jane Fraser, November 2, 2022, https://www.reed.senate.gov/imo/media/doc/sen_reed_letters_to_banks_on_interest_rates_1132022.pdf.

¹⁵ Federal Reserve Bank of St. Louis, "Federal Fund Effective Rate," <https://fred.stlouisfed.org/series/FEDFUNDS>.


- d. The average yield your bank paid on demand deposit accounts for retail customers.
2. How does your bank adjust demand savings and checking account yields in response to the Federal Reserve's interest rate changes? If so, what was the time lag between the Fed's announcements and your adjustments and were they fully adjusted, consistent with the Fed's changes?
3. What portion of your bank's executive compensation was based—in whole or in part—on your bank's interest rate profiteering over the last two years?
4. How much did your bank distribute to shareholders, in the form of stock buybacks or dividends, based on the profits made from the differential payout from your Fed account and your customers' accounts?

We appreciate your attention to this important matter.

Sincerely,



Elizabeth Warren
United States Senator



Jack Reed
United States Senator