David P. Hruska
Graduate Student in Electrical Engineering
University of Illinois at Urbana-Champaign

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

12 February 2008

Re: Docket No. R-1307, Regulations D and I

Ms. Johnson:

Thank you for the opportunity to provide my comments. I strongly support eliminating the so-called "three" limit. The subtle six-three distinction is confusing for consumers. Furthermore, the Board correctly notes that this distinction has become obsolete as new payment technologies have emerged. For example, studies have shown that consumers are now writing fewer checks than in the past[1]. Elimination of this distinction will be inconsequential.

More broadly, however, I see a need to reevaluate these regulations in light of recent changes in the banking industry. In the past several years, there has been a proliferation of online savings accounts (OSAs)[2]. AmTrust Bank, BankUnited, Countrywide Bank, Emigrant Direct, FNBO Direct, GMAC Bank, and ING Direct are just a few of the banks that offer OSAs. Research has shown that due to the ease of transferring funds, online banking customers are less loyal than traditional banking customers[3]. Consumers can very quickly withdraw their entire balance at little more than a moment's notice. For example, they may transfer their money to a

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[1] Berthelsen, C. "Study says fewer checks are in the mail." San Francisco Chronicle. November 15, 2001.

[2] Masters, B. "Online Interest Power: With High-Yield Savings Accounts, Internet Banks Develop Some Muscle." Washington Post. May 21, 2006.

[3] Lipsman, A. December 6, 2005. "Online-Only High-Yield Savings Accounts Have Disruptive Impact On Customer Asset Loyalty: Pure Online Banking Customers Are Less Loyal To Financial Institutions" (Press Release) [online]. comScore Networks, Inc. <http://www.comscore.com/press/release.asp?press=662> (retrieved February 11, 2008)

different bank in response to interest rate differences, a practice called "rate chasing"[4]. What is the point of limitations aimed at making withdrawals inconvenient when it is in fact *very* convenient to empty an account? In my experience, rate chasing like this is common.

From the consumer's point of view, the six withdrawal limit is simply an annoying, pointless inconvenience. For example, I prefer to keep money used for paying bills in a higher yielding account that is unfortunately subject to the six withdrawal limit. I have to carefully plan my bill paying activities up to two months in advance to avoid going over this limit.

Also, consider the case of an online banking customer making five withdrawals early in the statement cycle. There may be no way for the customer to withdraw money in person as the bank might not have any physical branches. The bank might only allow withdrawals to be made from its website. In short, only "convenient" methods of withdrawing money exist. Is the customer stuck, unable to access the money in the account for the rest of the month?

In summary, the regulations are not stopping me from using a savings account subject to the six withdrawal limit as a transaction account. Nor are they stopping me from frequently withdrawing most of the money in a savings account and moving it to a different bank. The regulations are not serving their intended purpose and need serious reconsideration. I recommend simply eliminating the withdrawal limit altogether.

Sincerely,

David P. Hruska

[4] Birnbaum, J. "Rate Chasers Are Online and Moving Cash Quickly." New York Times. October 13, 2007.