

From: Bettie Blumer, Winnetka, CA
Subject: Electronic Fund Transfers

Comments:

Mar 17, 2009

Federal Reserve Board Email comments

Dear Email comments,

When each of my two daughters were younger and first opened their bank accounts, they did not understand the consequences of using their Bank Card (a Point-of-Sale ("POS") purchase) instead of using cash or writing a check.

Let me give an example of what happened:

It was so easy for my daughter, and remains so easy, to just pull out her new Bank Card and swipe. The money was immediately withdrawn from her bank account. And unless she took out her checkbook register and wrote in the transaction, the only record of the transaction was the receipt. And these little papers are easily lost or misplaced.

So my daughter collected these "receipts" in her wallet, perhaps noted them in her register or perhaps not, but continued to use her Bank Card while purchasing.

Meanwhile, the checking account balance got to close to zero, but she kept on using her Bank Card. And for little charges, usually under \$5 or under \$10, she would incur "overdraft charges" at \$34 or \$27 each. Ouch!

Why didn't the bank simply not honor the POS charge when she tried to purchase with it, when her account was close to zero or overdrawn?

No, the bank continued to let her use her POS card, up to over \$200/day for these little charges that went over-limit.

Why didn't the bank simply refuse to pay these charges?

And why didn't the bank simply close the account when she continued such horrible account management?

Instead, it cost her (and us) her savings account.

Yes, my daughter certainly was at fault. It was a very expensive lesson to learn, and one she has now learned.

But the bank was a far cry from when I was younger, and a friendly person from the bank would phone you and let you know your account was about to go over-limit.

Yes, bank's used to phone a customer if the customer was about to bounce a check.

Why doesn't the bank simply email the customer and let them know this? Or phone with an automated call? Everyone's so reachable in today's world.

Instead, the bank collected over \$1,000 in fees from my younger daughter, and over \$2,000 in fees from my elder daughter.

This could have been prevented if the bank had frozen the account whenever a transaction was about to cause an overdraft. Simple. Better punishment for the customer (they cannot purchase anything), and much cheaper for the customer (no expensive overdraft fees).

But not better for the bank, as then it cannot charge those hugely inflated fees.

Each bank customer should be allowed a choice whether to have overdraft services or not.

Please allow me the chance to opt-in to overdraft services. This is the only way that I will truly feel protected.

Sincerely,

Mrs. Bettie Blumer
Winnetka, CA 91306-2238