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Subject: Electronic Fund Transfers

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Comments:

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Comments:

Gentlemen, I do believe that Banks/financial institutions take advantage of the public by charging obscene fees. Furthermore, I believe most consumers are not aware banks are able to do this and may be "tricked" into agreeing to allow overdraft protection. Banks often try to sell the idea to me. Typically, they will mention that the bank provides me with overdraft protection at no charge. What they do not tell the consumer is that the bank charges when you overdraft. I am not sure if the bank rep trying to "sell" overdraft protection is naive or intentionally deceitful. When I tell them I do not want it, the rep tries to tell me why I should have it and why it is a good idea to have it. What I have never heard a single time is what the downside of overdraft protection is. Not once has a bank representative informed me that there was a fee, what the fee would be or any negative consequence. It seems one sided and I can understand why many in the public might be "talked into" or unaware of the downside. Do not get me wrong, I am a strong advocate that any adult should be able to voluntarily agree to anything and should be responsible for what he or she agrees but lets make sure we are fair. In order to make things fair, I recommend the following. 1) There should be no automatic overdraft protection. In order to have the overdraft protection, the consumer should have to ACTIVELY request the service and sign a separate form indicating that he or she requests it. One should never get overdraft protection as a default. Overdraft protection should not be hidden in a document with a lot of other disclosures; it should be its own separate one. 2) The form should be simple to read and understand. I have seen the disclosures of mortgages and they are so thorough and complex, I imagine that the majority of persons that sign the forms never read and understand the forms completely. That is wrong. Make the form simple. i.e. I am requesting Overdraft protection. I understand that I am not required to have it and understand the following are possible negative consequences of having it: 1) \$35 fee each time overdraft no matter how small the overdraft. for example, if I overdraw \$1.00, that will cost me 35 times as much in fees and each and every overdraft will cost me \$35 or whatever the fee is. 3) The bank should only be able to charge one overdraft for the period not for each and every overdraft. ie. if the mortgage causes you to overdraft, the bank should not be able to charge a fee for the overdraft fee for the \$2.00 coffee

purchase, and the \$8.00 movie ticket, etc... 4) The bank should have to disclose the APR of the rate. If the bank charges say \$35.00 overdraft fee for a \$1.00 overdraft and this is paid within one week. Then the APR should indicate that \$35.00 is 3,500% in one week annualized to something in the neighborhood of 182,000%  $35 \times 52 \times 100 = 182,000\%$  5) Banks should be required to waive the overdraft protection fee the first time it occurs but still show what it would have cost. That way the consumer can truly get an understanding of how much it really costs. 6) Consumer should be able to opt out at any time even if he or she initially selected overdraft protection. 7) Banks should be harshly penalized if they do not disclose properly or charge when they should not. i.e. \$1000 or 10,000. Don't get me wrong, I believe a person should be responsible for themselves and must be held to what he or she agrees to. Personally, I think that payday loan businesses should be allowed to operate so long as they are truthful on what they charge and do not force anyone into a loan. If someone wishes to take out a loan at terms that ridiculous, that is that person's prerogative but that person should be held to it. Banks are not much better than payday lenders-some say they are worse. But banks need to be honest and clear. Currently, it is my impression that they do not fully disclose the downside of overdraft protection. By doing so, it seems that only the consumer suffers and the bank benefits. Last year, consumers paid well over \$15,000,000,000.00 in overdraft fees. Not too hard to figure out why banks want you to have overdraft protection.