

From: Arthur Gilman
Subject: Electronic Fund Transfers

Comments:

Mar 17, 2009

Federal Reserve Board Email comments

Dear Email comments,

A proposal to help stimulate the economy (and get back at the banks that caused much of the problem).

Why, despite all the anger at the banks for their failure to control

their (our) assets, has no one picked up on the most egregious of their outrageous behavior. That is their Credit Card operations.

Some years back, congress passed legislation significantly altering the law against Usury. This enabled the banks to issue credit cards with minimum payments, thus creating an instant "loan" with extraordinary interest rates that would have been previously illegal. What is more, if you miss a "pay by" date by as little as one day, they hit you with a large "Late Fee" & raise the interest rate.

President Obama should immediately ask congress to reinstate the Usury law, by passing legislation restricting interest rates to no more than 5% greater than the rate charged in Bank to Bank transactions. **

It is my contention that this would put more money in the hands of the people who need it most. It would affect not only Credit Card debt but

Home Equity loans and any purchase on credit from department stores and

others (GE, GMAC, etc.) who have all jumped on this usurious bandwagon, as well. It would loosen people's wallets by reducing the fear of getting into debt for many.

Imagine those who are presently carrying interest rates of 26 percent or more! Many would be able to handle the new rates and even to spend more.

It is argued that this would lead to the end of credit cards, because the high interest rates they charge make up for all of the deadbeats that do not pay at all. My father had a Diner's Club card in the 50's and my American Express card is from the 60's. These were only issued to those with good credit. These companies only made the fees charged to the hotels, restaurants and other businesses that accepted their use. What it would do is force the banks and other Credit Card issuers to limit them to those who can pay.

More recently Congress under pressure from these same banks, "Reformed bankruptcy", requiring many who would formerly have been absolved of debts to rather have to work out a system of payments to their major obligor. For those who, due to lost income or illness,

are unable to even keep up with the resulting lower interest rates, the ability to wipe out debt by bankruptcy must be an option.

While at it, congress should limit the fees for late payment and for those fees automatically charged for overdrafts and for "overdraft protection".

** my guess of 5% should be plenty of room for the banks to profit and hopefully this might stimulate some competition to be lower than the next guy.

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

Sincerely,

Mr. Arthur Gilman
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