

From: Tim Slack
Subject: Electronic Fund Transfers

Comments:

As a lender in credit unions for more than 25 years, I've seen first-hand the confusion, consternation & frustration felt by members when financial institutions allow ATM and debit card transactions to bring their checking account into the red -- and then further compounding any initial errors made by the member by continuing to cover further transactions, taking that account deeper and deeper into the red.

This is wrong. Debit cards originally were [and continue to be] touted as "just like cash - you can only use them to the extent the funds are in your checking account". ATM transactions were [and are] pushed as quicker, more accurate and more convenient than over-the-counter teller transactions -- and once again implication was drawn that you'd have access only to the funds you had available.

But all that changed when financial institutions got on-board with automatic enrollment in overdraft protection programs. By this mechanism, they justify covering the above transactions and, of course, charging a fee to do so. That's the whole point of institutions permitting and perpetuating this practice. Fee income for financial institutions have risen to the top of the chart, exceeding other, more legitimate, streams of income.

Here's what must be done to rein in runaway charges and fees levied against consumers, many of whom are financially unsophisticated.

1- Change overdraft programs to OPT-IN instead of the current "auto-enroll";
2- Regulate the size of fees levied for that transaction first moving an account into the red, and minimizing the "reject fee" for any subsequent transaction.

In this electronic age, how much does it really cost to reject a transaction, after all?;

3- Continue to move forward with regulating default interest rates that institutions can charge, and push further out the number of days delinquent an account must be, and the number of times delinquent, before triggering this increase.

Thank you.

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