

From: Flag Credit Union, Michelle Davis

Subject: Electronic Fund Transfers

Comments:

Board of Governors of Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Federal Reserve Board Director:

I support the proposed requirement that would require financial institutions to obtain consumers' affirmative consent (or opt-in) before any overdraft fees or charges may be imposed on consumers' accounts.

Banks should get explicit permission before enrolling customers in the most expensive overdraft system, automatically covering overdrafts and charging high fees, and should be stopped from using unfair practices to increase their overdraft fees.

Dear Federal Reserve Board Director:

I do not support legislation that would require consumers to "opt-in" for the following reasons:

Our fees are the same whether we pay an item or return it due to insufficient funds. Our members do not have to have courtesy pay on their accounts and can opt-out at anytime.

When an item is presented for payment and the funds are not in the account to pay the item, a fee is charged and the item is either paid or returned. THE FEE is the same if the item is returned or paid. Paying the item via a courtesy pay program, keeps the item from going back to the merchant to whom the check was given. If it is not paid, it will go back and the merchant could send the item back through again. If the funds are there it would pay on representment, if the funds are not there it would be returned again. Eventually, the consumer will have to pick the item up at the merchants and pay another fee. If the merchant uses a system such as chexsystem or telecheck, the consumer will often go into their data base and can't give checks to any merchant that uses that system. Paying the item, is a service to the consumer.

Remember, it is the consumer's obligation to know what is in their account and financial institutions provide many ways for the consumer to check their account, such as home banking and audio.

The fees associated with an account are entirely in the hands of the consumer. If they maintain adequate records and only spend what they have, they will never have a fee. If they don't, they will be charged a fee regardless of whether the item is paid or not.

I can't see where courtesy pay programs increase the fees at all. If anything it prevents further fees on an insufficient funds item.

Michelle Davis Chief Financial Officer Flag Credit Union

Sincerely,
Michelle Davis
Tallahassee, FL 32311-3813