

From: Avis Forsman
Subject: Electronic Fund Transfers

Comments:

I have just been alerted to this pending regulation by an article in the newspaper and realize that my comment is a day late--but I hope not a dollar short. I myself rarely use my debit card and immediately record the transaction in my check register--I'm 77 and old habits die hard. However, one of my grandchildren has recently experienced the tremendously high charges related to using a debit card for a POS purchase. She does not even have checks although I have provided her with a check register. She has relied upon the notice of "Funds Available" when she has used the debit card.

Unfortunately, that notice is not as current as it should be. She swiped her card at the gas pump for an amount that was \$3.00 over the funds she actually had available. That resulted in a \$35 charge for insufficient funds. A notice from the local bank did not arrive for, I believe, three days. During that time, she continued to use the card. Granted, she should have realized at some point--if she kept good records--that she was overdrawn. By the time she did realize it, the \$35 charges plus \$8 per day that the amounts were not covered had increased to the point that the deposit of her check from her part time job was reduced by more than half. Over the past few days, she has encountered at least two or three others who have had the same experience--one to the tune of \$600.

I was under the impression that ATMs usually refused to give you money if there were insufficient funds available to cover the withdrawal. That gave you an immediate notice that your funds were low. Apparently, that is no longer the case. How convenient for the bank. I believe that young people in particular use debit cards and ATMs almost totally to conduct their financial affairs. My granddaughter uses the debit card to buy \$2.00 worth of fast food, for instance. It must be extremely easy to lose track of how much you have spent in a day when the card is used exclusively and for small purchases. Obviously, with that type of usage, overdraft charges can pile up very quickly.

I think there should be a means of opting out of overdraft coverage for debit cards and ATMs. The language used should be very plain and easy to understand and probably in bold. A full explanation of the charges related to overdrafts made by use of the debit card or ATM withdrawal should also be included in the notice to emphasize the potential cost related to opting in to overdraft protection related to those transactions. If overdraft protection is chosen, a delay of three to five days in implementing a daily additional charge would seem to me to be reasonable since mailed notices of overdrafts may not arrive for a number of days.

Automatic overdraft protection for checks may make sense because, ordinarily, check writing is a more conscious and thoughtful process so overdrafts may result more from mathematical errors than from inattention or carelessness. Having made a mistake of that type, I know that it is possible for charges to accumulate even in that situation, but usually not with the same speed.

Avis Forsman