

From: Mauro DiMauro
Subject: Electronic Fund Transfers

Comments:

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Proposal: Regulation E - Electronic Fund Transfers
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Name: Mauro DiMauro
Affiliation:
Category of Affiliation:
Address:
City:
State:
Country: UNITED STATES
Zip:
PostalCode:

Comments:

A. Require notice to customers when an ATM or point-of-sale debit card transaction (including a check card transaction processed as credit) is about to trigger an overdraft B. Give consumers a choice to accept the overdraft service, and the associated fee, or not. (You should be alerted at point of sale if you will exceed funds and incur an overdraft fee if you choose to continue.) C. Require an opportunity for account holders to choose to have an overdraft plan or not. Make this choice available to new accounts as well as established accounts. Require a specific acknowledgement by the consumer to select the option rather than have it as a default feature of a new account. D. Prohibit manipulation of the order of posting deposits and withdrawals so as to maximize overdraft fees. (Charging the largest posting first even if it was the last thing you purchased that day so that you pay multiple OD fees instead one on the big ticket purchase.) Better yet, require that deposits be posted first, and then the debits in the order of smallest to largest. E. Set a tiered overlimit fee such that the fee itself cannot be more than the amount of the transaction that caused it. F. Bar the snowball effect. Do not allow any bank fees themselves to cause an overlimit condition. Do not allow an overlimit fee to be charged more than once per month. Even though I track my debit card usage religiously, there have been times I have overdrawn my PNC account by a few dollars, resulting in a \$32.50 fee each time. On one occasion, there were three transactions which overdraw my account by a total of \$11. The first transaction was actually returned the same day--before making the second purchase (to replace the first) and credited back to my account. However, the credit took 2 days to process whereas the debits processed that same day. The third purchase was only a few dollars. So even though I didn't really spend the money to overdraw the account, it was overdrawn on paper to the tune of a \$65 overdraft fee. My daughter, who had never had a bank account before, was forced to open one because her employer stopped cutting paychecks and would only pay her through direct deposit. Having no experience with banking, she used her check card after having checked her balance, but not realizing a check she wrote had not yet cleared. This resulted in an overdraft of about \$60. PNC

Bank charged her \$32.50 PER DAY on the overdraft. By the time she received the overdraft notice from the bank, she had been charged \$150 in fees. Working part time for minimum wage, she couldn't pay anything to the bank until her next paycheck. By then, the fees were over \$200. PNC took her entire next two paychecks (direct deposit) and the fees kept accumulating. She had to quickly find a new job in order to actually get a paycheck. The bank finally closed her account when the outstanding fees reached \$400. They entered her name into CHEX systems, so she cannot open a new account anywhere unless she first pays PNC the \$400.