

From: Marcia Mullins  
Subject: Electronic Fund Transfers

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Comments:

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Name: Marcia A Mullins  
Affiliation:  
Category of Affiliation:  
Address:  
City:  
State:  
Country: UNITED STATES  
Zip:  
PostalCode:

Comments:

To: The Federal Reserve Re: Regulation E: Electronic Funds Transfers (R-1343)  
Dear Sirs: Thank you for this opportunity to comment on overdraft banking fees and electronic funds transfers. Unfortunately, I have first hand experience with these fees as well as delayed electronic funds transfers and find the circumstances that bring about these fees and delayed transfers to often be patently unfair. For banks to have the freedom to create a situation in which a bank's customers have no choice whether or not to opt in or out of the bank's "overdraft protection" (indeed, many banks do not even inform their customers of this "protection" when they open an account, I know I was not informed) is terribly unfair to the bank's customers. Banks should be required to inform banking customers of any "overdraft protection" policies when the customer opens the account. This information should be clear and openly explained, and the customer should sign a form stating that they understand the policy and all of its ramifications. The bank customer should also be allowed to opt-out of "overdraft protection" (or any other like plan by another name...after all, a rose by any other name will likely still have thorns). The bank customer who already has an account(s) that have such plans attached should be contacted and allowed to choose whether or not they wish to have such a plan attached to their account as well as all the aspects of that plan, including all overdraft fee details. The customer should be required to indicate their choice. The bank should not be allowed to impose such that type of plan on their customers without their informed choice. I was really shocked when my bank charged my account three times (and my bank charges the maximum allowed for overdraft fees) on one occasion. I had used my bank card three times that day. Two times I used it to get a cup of coffee. The third time, I used it to get some groceries. The grocery charge caused my account to be overdrawn less than four dollars (after the charges for the coffees had been deducted), but instead of one overdraft charge, the bank arranged the deductions so that the largest was taken out first. That caused both the other, much smaller, charges to also incur overdraft fees, resulting in more than \$100 in overdraft fees because of a single overdraft of less than four dollars. When I contacted my bank to ask

why the smaller charges hadn't been paid first, so that I would have only been charged one overdraft fee, I was told that their policy was to pay the largest charges first. According to the bank's policy they are assuming that the larger charges are "more important". This is creative accounting that does not benefit the customer, but instead benefits the bank by reaping all the overdraft charges possible from their customers. Banks complain that if they are not able to have these charges they will have to give up their "free checking" and/or other free services. I know that I would happily pay for my checking account if it would free me from the worry that one small overdraft could result in multiple overdraft charges because of "overdraft protection"! Even better, if, when I gave my card to the grocery clerk to pay for my order, the charge would have been declined! I could have used cash, or another bank card, or a credit card, or just put something back. Banks should not be allowed to overdraft their customer's accounts without first notifying them that the charge will indeed place their account into overdraft. Credit card companies decline charges. Banks can do the same. The technology is there. When banking customers check their account balances, they should see the actual, true balance and not a balance that reflects any additional funds the bank would make available should the customer overdraft the account, as is the policy of some banks. That is a deceptive policy and encourages the customer to unknowingly overdraft their account, incurring fees. In short, banks should not be allowed to deceive their customers by creating and using policies of which their customers are unaware. When I told my bank that I was not told about their "overdraft protection" when I opened my banking account, I was told that the bank did not have to inform their customers of their "overdraft protection" policies because the implementation of the policies were "a judgment call". This is simply an end run around informing customers of a policy that is not to their benefit, and should not be allowed. Also, electronic funds transfers should be credited to the customers accounts as soon as they are received by the bank. My bank holds electronic deposit funds sent to my account for the maximum time allowed, but when electronic funds are withdrawn from my account, they are taken out immediately. Interestingly, the day I was charged three overdraft charges, there was a large electronic funds deposit for my account being helby my bank. Since they were holding it for the maximum time allowed, it was not applied to my account until the next day, after my account was charged \$100+ in overdraft fees. Again, thank you for this opportunity to speak out about the unfairness of these banking policies. Marcia Mullins