

From: Jack Ries
Subject: Electronic Fund Transfers

Comments:

One of the most abusive tactics of banks is to clear and pay the checks starting with the largest amount first and the remainder in descending amount order. That way they can charge an overdraft fee on the maximum amount of checks by depleting the account with the largest check even though there may be sufficient funds to cover all the smaller checks but not the largest one.

When I inquired about this tactic, they said this was what most of their customers wanted as a result of a survey. When asked to provide a copy of the survey, they refused. I recommend all customers be given the option of the order for their checks to clear and not the bank. The bank will only do what is in their best interest to maximize their rip-off fees. If the banks say they cannot do this, they are lying since they have figured out how to process the largest check first. Tell them to just reverse their program to process the smallest first --- this shouldn't be too hard for any programmer.

Also, customers should be given the option, when there are not sufficient funds, of whether they have the bank process the check and pay the overdraft fee or to return the check. Banks hold checks all the time so this should not be a problem.