

From: Tom Snook  
Subject: Electronic Fund Transfers

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Comments:

Please, require the banks to use an opt-in approach when offering overdraft protection (and all other account holder "services") to account holders. The flurry of paper and fine print a customer faces when opening a bank account these days makes it far too easy for banks to bury in fine print (1) services the customer doesn't know she or he is receiving and (2) onerous fees for that service that the customer is not aware of until after the fees have been incurred. A bank customer does not have a meaningful opportunity to review at the time they open an account, unless they take it home and then come back later to actually establish the account. Very few consumers have the time to make more than one trip to a bank to open an account, and even fewer have time available to read all the paperwork banks provide with a new account.

Requiring an opt-in has two distinct advantages: (1) it requires the bank to bring the service (and hopefully the fees for it) to the customer's attention because if they do not, the customer won't opt-in, and (2) insures that customers will have the information they need to make a rational decision. An opt-out does not have the same effect because the bank's incentive is to provide only the minimum information needed to avoid an opt-out, not to provide the full information needed for the customer to make a rational decision.

The market for bank services, like any other market, cannot work if there is unequal information between buyer and seller. An opt-in requirement forces the bank to fully disclose to the customer the benefits and costs of the bank's overdraft protection if they want to sell overdraft protection, thus equalizing (or at least bringing the information available closer to equal) the information. Currently, information is not equal and the market is not working, which is why comments have been solicited.

Neither the free market nor the consumer can ever benefit from withholding information in a commercial transaction. Any effort to withhold information from one side of a transaction is an effort to prevent the market from working and put the consumer at a disadvantage.

Thank you for your consideration of my comments

Tom Snook