

From: Susan Mulcahy, MO  
Subject: Electronic Fund Transfers

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Comments:

First of all, thank you for taking the time to review input from the public on this topic. This is one of the few opportunities we get to express our feelings on a very polarizing (mostly negative) matter such as this.

In my opinion, the bank has every right to charge the customer a fee for the processing it has to undertake to handle an overdraft. However, I believe that enacting a few simple rules regarding the method they use to calculate the overdraft fee would make the whole process more equitable for the customer. Note, I myself have been subject to several overdraft charges, caused almost entirely by item 2 below. I just want to make it clear that I have been in the over-drafted customer's shoes.

Now, my suggestions, in no particular order, except for 3 and 4:

1. Force the banks to implement intra-day processing like most brokerage firms have and require the bank to process deposits and withdrawals in the order they are received, period. Banks should not be allowed to re-order items affecting the customer's account to their benefit. Or, as an alternative, force the banks to process deposits first, then debits in whatever order they prefer.
2. Force the banks to disclose what types of deposits trigger their "hold" policy and, if your deposit triggers a hold, they should be required to disclose that at the time you make your deposit. Most often this has been the primary reason for my overdrafts. The bank put a hold on my deposit without notifying me and then started bouncing my checks the following day.
3. Instead of a flat fee structure per item over-drafted (like \$35 per item), set up a schedule that's based on a certain percentage of the total amount over-drafted each day. So, for instance, if a customer overdrafts two items totaling \$150 in a day, currently the bank would charge \$35 each (totaling \$70 in fees for the day); instead, force the bank to accept a percentage of the \$150, like maybe 20%. Then the fee would be \$30.00 for the day. This is much more reasonable and more accurately reflects the cost the bank incurs processing the overdraft.
4. If a fee must be charged to merchants for NSF's, the fee charged should act similarly to #3. I actually believe that merchants should not be charged for NSF's at all... I have never been able to understand how the bank can penalize someone who did not write the check for trying to deposit the check and collect funds for services rendered or goods sold. It isn't their fault the customer is overdrawn but they pay the price anyway, and then often pass that fee down to all their customers by raising prices. In addition, they usually charge the customer a fee for the NSF on their end, which causes the customer to be charged twice for a single overdrawn item.

I think these modifications to bank policy, applied across the board to ALL banking institutions, would make the whole overdraft process/policy more palatable (nobody is ever happy about being charged fees). As I said before, the banks are entitled to compensation for the special processing required to handle an overdraft and essentially loaning you money you don't have in your account, but these times of robbing the customer blind in the process (and

leaving them financially destitute) need to stop.

Thank you for your consideration.

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