

From: Darrell Brown  
Subject: Electronic Fund Transfers

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Comments:

Dear Sir/Madam:

From time to time I have worked in the United States and maintain US bank accounts. I was appalled at the charges that have been levied for overdraft charges. Just one example of many - I had an expired debit card at PNC Bank. I was informed by Onstar (a GM Service) that they would stop debiting monthly charges given the expiry. They did not. PNC continued to process the transactions. The result was overdraft charges plus an additional \$5.00 per day charge before I realized what had happened. I earn a healthy income. But for those that don't, charges such as these are prohibitive and, in relation to instances such as that outlined above, should be prohibited.

The vast majority of people would assume that, if a debit card is used for a transaction and there are not sufficient funds, the transaction will not be approved. In the absence of an overdraft agreement, that is the way it works in Canada. Unfortunately, for most US banks, it is precisely the opposite. A positive act of applying for and receiving overdraft coverage is not required. A transaction will be processed when there are inadequate funds and excessive overdraft charges will then be levied. I have seen instances where the account has gone negative by a few cents but has generated \$60 of service charges. Calculate that as an interest rate charge as opposed to a flat fee and the credit card companies will look like angels.

This cries out for consumer protection safeguards. I hope that the Federal Reserve sees fit to enact appropriate regulations that will prevent these excessive charges in the future.

Yours sincerely,

Darrell Brown