

From: Charles Markham  
Subject: Electronic Fund Transfers

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Comments:

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As a consumer, I wish to strongly encourage the Federal Reserve Bank to address the abuse of overdraft fee collection by my bank, Citizens Bank, and no doubtedly, many others. As the Federal Reserve is aware, my bank will routinely accept debit card and credit card transactions from my bank account. These transactions are authorized because there seems to be available funds in my account. These transaction while limiting my access to cash are not posted for 2-3 days. When the transactions post, it is possible that my account is over-drawn because of a recent check that has come in. At this point in time, Citizens does the following. It will post all deposits for that day first (if it decides the funds are available under their bank hold policies), Citizens will then post the largest checks and ATM (Debit or credit) charges first. They post in order of largest to smallest. This has the effect of MAXIMIZING the number of overdraft charges to the account. If they had posted the smallest first, perhaps only the largest charge will incur an overdraft charge. Since ATM debits/credits are frequently small items, they are much more numerous. Citizens response is that they are approving the largest transactions because "these are likely the most important" and they assume a consumer wants those to go through first. This argument is specious because Citizens has never not paid an overdraft. So, they are paying all my charges but reordering them in a way to maximize fee collections. In addition, if I had know my account was overdrawn I would changed to a credit card at the point of purchase. It is imperative that the Federal Reserve address these abuses. I would suggest the following: 1. If a transaction is approved via card swipe and the funds are set aside, then simply put, NO OVERDRAFT CAN BE CHARGED. Simple set the funds aside, and bounce any other checks that come in, but if the charge is approved, it's approved. 2. Stop the practice of re-ordering charges to maximize fee collection either reorder smallest to largest (which will minimize fees) or simply use the date of the charge. 3. Allow a consumer to opt out of overdraft "protection" on your ATM debit/credit cards. Either have the charges get disapproved at the card swipe or all them to go through. Thank you for considering my comments.