

From: Strunk & Associates, Rick Ivey
Subject: Electronic Fund Transfers

Comments:

To the Federal Reserve Board,

Thank you for the opportunity to comment on the proposed amendments to Reg. E.

I applaud the Board for trying to reign in the unfair overdraft practices that some financial institutions have implemented which have misled consumers. Although I agree with much of the proposed changes I am also concerned with some of the specifics in the amendments. I hope my take on the subject is useful.

The Opt In requirement will not only put additional burden on banks and consumers alike, but it has the potential of limiting the potential benefit to consumers. Studies have shown that most consumers, 85-90%, have a positive view of overdraft programs and the opt out option has provided the most efficient avenue to provide this service. I do agree that additional disclosure and consumer education would be beneficial.

I also disagree with the partial opt out proposal. This change has the potential to cause a great deal of misunderstanding for the consumer. The complaints of "I opted out of these charges so why are you charging me anything?", I believe will be common place if this change is approved. I am in favor of new technology that would allow a consumer to opt out of a transaction if it will overdraw their account at the ATM or POS. This would give the consumer the ability to cancel the transaction for a cup of coffee that will overdraw their account, but will let them accept the transaction, and the associated fee, when they have a cart full of groceries or they are getting their car out of the shop. Once this capability is available then the partial opt out requirement on the account is not necessary and a more doable scenario in my opinion.

I also believe that the technology argument above also limits the need for the debit hold change to the amendment. Once the technology is available so the merchant knows the exact amount of the transaction when the purchase is made this argument will be mute.

I do agree with most of the efforts by the Board regarding consumer protection, I just feel that some of the changes need more time for technology to develop.

Thank you for the opportunity share my view and I hope you find my comments beneficial as you consider your course of action.

Sincerely,

Rick Ivey
Regional Vice President
Strunk & Associates