From: Curtis Bustamante

Subject: Electronic Fund Transfers

Comments:

HI Michelle,

I just read your article "Put in your 2 cents on overdraft fee systems" and I have a few concerns. The article is misleading in a few ways. The first is the term "Overdraft protection." Overdraft protection refers to a clients funds from one account covering the overdraft in another account. The overdraft coverage that is paid by the financial institution come from a reserve in the bank, not the client, that is where the fee comes into play.

Regulation E was created to protect the consumer. When a consumer makes an electronic purchase, the bank does not have the exact amount of the transaction so they can''t return items or pay items. If you have ever booked a hotel, you will notice that the first transaction is for a dollar, but later in the week it would show for the full amount. Banks are obligated by Reg E to pay any electronic transaction posted by the client. If the transaction is fraudulent then the client has the right to file a claim of error. Ultimately some responsibility has to fall on the client otherwise the banking system would not work.

Regarding enrollment for Overdraft protection; banks cannot enroll clients in overdraft protection with out their signature, because to do so, they would have to open a separate account to protect their other account. Secondly, in any disclosure and agreements, the overdraft fees and coverage terms are provided in detail and accepted by the client before the account is opened. For example: If a person takes out a loan specifically to payoff another loan, but instead uses the money to create more debt, they are still responsible for the original loan and if they can''t pay it, they will be charged fees. They had a choice and they made a poor one. The same can be said for banking. People make choices and they accept the fees for it.

Logistically speaking, with more than a million transactions a day for any given financial institution how can they be expected to look at every transaction to determine whether or not to pay it? It would cost too much money and ultimately banks would fail or at the very least, be in the same position they are in right now; struggling.

Why haven''t we ever seen an article written about responsible banking? Why is it always blaming the banks for their fees? If consumers knew their limits and skipped the supersized meal at lunch, maybe they wouldn''t be overdrawn so often. You would think they would learn their lesson and think to themselves, "I don''t want to be slapped with another $27 fee again, I''ll watch my account more closely." But they don''t and they never will think in that mindset, because they can always blame the bank that holds their money, protects their assets and gives them the freedom to shop without cash and by using efficient electronic payments.

I am not in the banking industry. I work as a corporate trainer and I am in the lower-middle class. I understand the frustrations of fees and regulations, however, I also believe in living within your means and living responsibly. Banks should not be blamed for the errors of the consumers.

Thank you for your time,

Curtis Bustamante