

From: Jean Williams  
Subject: Electronic Fund Transfers

---

Comments:

I was (somewhat) "pleasantly" surprised to find out that legislation is pending regarding a heinous banking practice I've been witnessing first hand for the past 12-18 months.

Indeed, consumers should be warned they are about to get an expensive "service" from their bank. The people who ultimately pay the price are small depositors like me who are basically living check-to-check, even though we are employed and make fairly decent salaries.

While my bank machine prompts me that I may be about to incur a service charge if I withdraw too much cash and overdraw my account, no such warning is available if I use my debit/credit card to make purchases for goods and services - which these days, everyone does in our push to become a paperless/checkless financial society.

Not only am I not warned, but after calling and complaining several times to my bank - upon getting a nasty surprise that I'd created a "snowball effect" by using my debit card on a small item - and then having 3 or 4 subsequent charges bounce with service charges then adding up to the hundreds of dollars, I was told that "the computer" is negotiating the order of withdrawal and it has nothing to do with the actual order in which I used the card!

In other words, it seems that the banks have written into their computer programs some sort of algorithm that ensures the worst possible (to the consumer) order of items is processed to ensure the best possible (for the bank) "hit" on service charges. I have had written proof in the past that my 3-4 additional card usages were not processed in the order in which they actually occurred. Had they been actually processed as they occurred, these "service charges" would have been reduced by half or more - generally, because in the meanwhile, my automatic payroll deposit had come into the account.

Since these transactions are all electronic - I fail to see how the "pending" to "posted" order would vary except if it's specifically designed that way.

I no longer feel paranoid in so thinking!

It's one thing if I voluntarily withdraw too much cash at the ATM, suck it up and pay the service charge, to float myself through the remaining 2-3 days of the month until my next automatic payroll deposit is made. I can then pay cash as I go with the assurance that I'm only going to suffer the one service charge.

But it's quite another thing to get hit up with these "calculated order of withdrawal" debit/credit card service charges - which are almost always in multiples.

I would estimate that these practices have cost me a minimum of \$1,000 in the past year - and that's \$1,000 I would much rather (and much better) have used to pay off an existing debt - to the same darned bank. Oh wait - that's right. THAT debit (on a previous consumer credit card - a thing I no longer have or use) was negotiated to be paid back at - ZERO - interest. So without

these "overdraft charges", the bank would not be making any money off me (a small potatoes small depositer) other than my monthly maintenance fee.

They figured out a way to "churn" my measly checking account. Genius.

Jean W. Williams