

From: Kim Jacobs, Hawthorne, PA  
Subject: Electronic Fund Transfers

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Comments:

Board of Governors of Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Dear Federal Reserve Board Director:

Please take steps to stop the wealth stripping practices of banks that sign customers up to Overdraft "Protection".

As a not for profit agency that devotes much of time to financial literacy we encourage our clients to open bank accounts with mainstream financial services providers. In this way, we hope to help our clients avoid costly fringe banking outlets like payday check cashers. However, it is difficult for us to tout the benefits of regular banks when overdraft protection fees are as predatory and abusive as any fees imposed by check cashers.

Last year bank's collected over \$17 billion in such fees by allowing, and perhaps even tacitly encouraging, account holders to overdraw their accounts. Understandably, those most likely to overdraw their accounts are those who live closest to the margins and can least afford this costly practice.

I know that when my 18 year old son went to change his savings account to a checking account in anticipation of leaving for college, the bank officer told him how please he was that my son "qualified" for overdraft protection. Trust me, my son's high school employment history and modest bank balance were not that impressive. He seemed to qualify simply on the basis of being alive and hopefully dumb enough not to ask any questions. When I asked what the fees were if my son in fact availed himself of this wonderful "service" the bank representative became very uncomfortable. I was not part of his script. When we tried to decline the "privelege" he said, "well, it just sort of comes with the account."

Please offer consumers an opportunity to choose whether they want to pay for this costly service or not. Allow us to decline the "privelege" when offered and to eliminate the option if we have already signed up for it either inadvertantly or because "it just sort of comes with the account."

Thank you for your consideration of this important issue.

I support the proposed requirement that would require financial institutions to obtain consumers' affirmative consent (or opt-in) before any overdraft fees or charges may be imposed on consumers' accounts.

Banks should get explicit permission before enrolling customers

in the most expensive overdraft system, automatically covering overdrafts and charging high fees, and should be stopped from using unfair practices to increase their overdraft fees.

Sincerely,

Kim Jacobs  
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