From: Nicholas Mulvey, Indianapolis, IN

Subject: Electronic Fund Transfers

Comments:

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

Dear Federal Reserve Board Director:

The process by which most retail banks assess overdraft fees is an outrage. According to the F.D.I.C. study of overdraft programs, released in November 2008, 75.1% of the banks surveyed automatically enroll customers in the costliest overdraft program, while almost all banks (94.7%) require the customer to opt-in to the cheaper linked-account overdraft coverage programs. Moreover, many of the larger banks don''t allow their customers to opt-out of overdraft coverage. My personal experience is telling. After opening a new checking account at a Chase Bank branch in Indianapolis, I made a simple request: I asked the bank to deny any transaction that would overdraft my account. I was told that I did not have that option -- I could not opt out of overdraft coverage. Not allowing me the right to refuse this short-term loan seems unfair to me. To be clear, automatic overdraft payment programs are basically short term loans at exorbitant rates (averaging between 1,000% to 3,520% a.p.r., according to the average transactions cited in the F.D.I.C. report), that most consumers don''t ask for, usually don''t know about, and quite often, don''t even want.

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,

Nicholas Mulvey
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