

From: Wayne Wormley, Philadelphia, PA

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:

I'm a bit confused about the "overdraft protection" feature on some bank accounts currently offered. I have had overdraft protection at different banks since my college days (30+ years ago), but they don't all work the same. In some cases, this feature triggered a transfer from a linked savings account, when the minimum balance for the checking account was reached, or vice versa. The fee was a nominal \$5.00 for doing this, so you can imagine how long ago that was. In another case, the minimum balance level triggered a charge against a credit card linked to the account, in the amount of the overdraft, plus a nominal fee. Obviously, this has changed significantly, now that banks rely so heavily on these fees to generate revenues. I would think that "opting in" to this arrangement requires a more affirmative action on the part of the consumer, which I think is more desirable, and as long as the banks fully disclose what happens, when, in simple, understandable terms. Another idea is to have a minimum balance trigger a text message to one's cell phone, which is what they do in South Africa, where there is no charge for this.

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,

Wayne Wormley
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