

From: Daryl Knowles, Waco, TX
Subject: Electronic Fund Transfers

Comments:

Feb 19, 2009

Federal Reserve Board Email comments

Dear Email comments,

I actually work for a bank and part of my salary comes from fees. However, when you look at the requirements in the State of Texas regarding payday loans, then see how easily banks themselves get away with charging much more, then you see that they skirt the existing laws on what is essentially the same service.

To make matter worse all of the large banks have turned to a practice of holding and rearranging transactions to maximize fees. They do this by rearranging them from highest to lowest dollar amount. They will deny that is why they do it, but internal memos probably show otherwise if anyone cares to research it.

For example, if you have a bank balance of \$20 and you make 3 transactions of \$10,\$5, and \$21 in that order, they will rearrange them to \$21, \$10, and \$5. The reason? If they cleared the \$10 and \$15 and you overdrew by \$16 on the \$21, then they would only get one overdraft fee (about \$20-\$40 dollars). By rearranging so that the order is \$21, \$10, and \$5 they get to charge 3 times the overdraft fees and net \$60-\$120 in fees. That is an expensive short-term loan!

Please allow me the chance to opt-in to overdraft services. This is the only way that I will truly feel protected.

Sincerely,

Mr. Daryl Knowles
Waco, TX 76710-1565