

From: Rachel Strzelecki, Springfield, MO  
Subject: Electronic Fund Transfers

---

Comments:

Feb 20, 2009

Federal Reserve Board Email comments

Dear Email comments,

Researchers have found that overdraft fees have shot up in the past few years and are now costing consumers billions per year. They hit young adults and lower-income people the hardest, and the rise in fees is fueled by unfair bank practices.

Unfair practices include holding deposits longer than necessary and clearing daily transactions from the highest to the lowest, which often allows the bank to charge more fees than are warranted. Banks and credit unions are collecting \$17.5 billion per year in abusive overdraft fees, higher even than the \$15.8 billion extended in funds to cover the overdrafts.

Almost half of all overdrafts (46%) are triggered by debit cards at the ATM or the point of sale. These overdrafts could be easily prevented with a warning. Most debit point-of-sale overdrafts are small, averaging less than half this \$34 fee, meaning that these overdraft loans cost nearly \$2 for every dollar advanced to cover the shortfall. Banks and credit unions now enroll many of their account holders into the most expensive option for covering overdrafts--an option customers generally don't want and didn't ask for--and leave them without the information they need to protect their funds. Under these systems, financial institutions routinely approve uncovered transactions without warning their customers of a deficit in their accounts, and charge an average \$34 fee for each incident, even when the uncovered purchase is for just a few dollars.

Obviously, we need bank overdraft reform. However, what I object to is not that the bank charges a fee, but the unfair practices used. In my case, holding a deposit from posting to the account, while on the same day as my deposit (and before they had allowed it to be posted to my account) allowing debits to go through, thus creating unnecessary fees which were also debited before my deposit cleared.

I also feel that the fee should be in better proportion to the dollar amount it is covering. If I go over my account by \$2 the fee assessed shouldnt be allowed to be \$25 (which is what it is at my bank).

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

Sincerely,

Ms. Rachel Strzelecki  
Springfield, MO 65807-3844